

The seal of the Department of Defense is a circular emblem. It features an eagle with wings spread, perched on a shield with vertical stripes. Above the eagle's head is a semi-circle of thirteen stars. The eagle is flanked by olive branches and arrows. The outer ring of the seal contains the text "DEPARTMENT OF DEFENSE" at the top and "UNITED STATES OF AMERICA" at the bottom, separated by stars.

FINANCIAL MANAGEMENT REGULATION

REIMBURSABLE OPERATIONS POLICY AND PROCEDURES

(WITH CHANGES THROUGH APRIL 2000)

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1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100



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FOREWORD

This Volume of the "Department of Defense Financial Management Regulation" is issued under the authority of DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," dated November 15, 1992. It governs financial management by establishing and enforcing requirements, principles, standards, systems, procedures, and practices necessary to comply with financial management statutory and regulatory requirements applicable to the Department of Defense. It directs financial management requirements, systems, and functions for all appropriated working capital, revolving, and trust fund activities. In addition, it directs statutory and regulatory financial reporting requirements.

Volume 11A of the "DoD Financial Management Regulation" establishes policy and procedures for Department of Defense Reimbursable Operations.

This Volume of the Regulation applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Unified combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

This Volume of the Regulation is effective immediately and is mandatory for use by all DoD Components. Heads of DoD Components shall ensure that the provisions of this Volume are adhered to in day-to-day operations and in the design, modification, and maintenance of their Component's financial management and reporting system or systems. The Heads of DoD Components shall not issue supplementary directives and/or regulations without the prior written approval of the Office of the Under Secretary of Defense. (Comptroller).

The reporting requirements in this Regulation are exempt from licensing in accordance with paragraph E.4.f. of DoD 8910.1-M, "DoD Procedures for Management of Information Requirements," November 1986.

Recommended changes to and requests for deviations from or exceptions to the provisions of this Volume of the Regulation should be forwarded through appropriate chain of command channels along with specific justification, to

Office of the Under Secretary of Defense (Comptroller)
Director for Accounting Policy
1100 Defense Pentagon
Washington, DC 20301-1100

The Defense Finance and Accounting Service will provide copies of this Volume, and other previously unpublished volumes, of this Regulation through its normal publication channels. Early in 1997, all 15 volumes of the Financial Management Regulation will be available on the Internet at: <http://www.dtic.mil/comptroller/fmr>. Printed or CD-Rom copies of the Regulation may be ordered through the Internet Homepage or directly from the Defense Automated Printing Service, at 1401 S. Fern Street, Arlington, VA 22202, or by telephone at (703) 607-5212.


John J. Hamre

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INTRODUCTION TO THE DoD FINANCIAL MANAGEMENT REGULATION

GENERAL

The DoD Financial Management Regulation provides all DoD Components with the policy, regulation, and procedures within the area of responsibility of the Under Secretary of Defense (Comptroller) (USD(C)). The Regulation consists of the following 15 volumes:

1. General Financial Management Information, Systems, and Requirements
2. Budget Formulation and Presentation
3. Budget Execution - Availability and Use of Budgetary Resources
4. Accounting Policy and Procedures
5. Disbursing Policy and Procedures
6. Reporting Policy and Procedures
7. Military Pay Policy and Procedures
8. Civilian Pay Policy and Procedures
9. Travel Policy and Procedures
10. Contract Payment Policy and Procedures
11. Reimbursable Operations, Policy and Procedures
12. Special Accounts, Funds and Programs
13. Nonappropriated Funds Policy and Procedures
14. Administrative Control of Appropriations
15. Security Assistance Policy and Procedures

AUTHORIZATION

This Regulation is issued by the USD(C) under authority of Department of Defense Instruction 7000.14, "DoD Financial Management Policy and Procedures," dated November 15, 1992.

PARAGRAPH NUMBERING SYSTEM

The paragraph numbering system of this Regulation is consistent for all 15 volumes. The six digit paragraph number and its subparagraph designators are formulated as follows:

01
CHAPTER 1

01
SECTION 1

01
PARAGRAPH 1

A.1.a.(1)(a)
SUBPARAGRAPHS

PUBLICATIONS INCORPORATED

This Volume of the "DoD Financial Management Regulation" incorporates the policy and procedures contained in the following publications:

- DoD 7220.9-M "DoD Finance and Accounting Manual" (Chapters 26 and 29).
- DoDI 7220.1 "Regulations Governing the Use of Project Orders," May 4, 1971.
- DoDI 7230.7 "User Charges," January 29, 1985.
- DoDI 2010.1 "Support of International Military Activities," September 2, 1981.
- DoDI 2010.11 "Unit Exchange of Training and Related Support Between the United States and Foreign Countries," March 28, 1988.
- DoDD 3200.11 "Major Range and Test Facility Base," September 29, 1980.
- DoDI 7310.5 "Accounting for Production and Sale of Forest Products," January 25, 1988.

CHAPTER 1

**GENERAL REIMBURSEMENT PROCEDURES
AND SUPPORTING DOCUMENTATION**0101 OVERVIEW

010101. Purpose. This chapter supplements the standards for financial accounting for receivables (Chapter 3, Volume 4, "Accounting Policy and Procedures," of this Regulation) and for budgetary accounting for reimbursements (Chapter 15, Volume 3 "Budget Execution - Availability and Use of Budgetary Resources" of this Regulation). It provides guidance on the amounts that shall be recouped when DoD Components perform work or sell property within the Department of Defense, to other U.S. Government agencies and to private parties. This chapter does not provide authority to sell to private parties. Specific legal authority must be identified to make such sales.

010102. General

A. The "Project Order Law" (Title 41, United States Code, section 23) and the "Economy Act" (Title 31, United States Code, section 1535) contain legal authority and requirements for one U.S. Government entity to perform work for another. Chapter 2, "Project Orders" and Chapter 3, "Economy Act Orders" of this Volume provides policy on the use of these orders within the Department. DoD working capital funds are established by Title 10, United States Code, section 2208 as one means of encouraging one DoD activity to perform work, render services, or provide supplies for another, based on the "Project Order Law" or on the "Economy Act."

B. The price to be charged for goods and services furnished by the Department depends on whether that good or service is provided to, or for the benefit of, a DoD Component, a non-DoD Federal agency, a private party, or a foreign military sales customer. Therefore, the ordering DoD Component activity that requisitions or orders a good or service shall inform the performing DoD entity if the requisitioned goods or services are for the subsequent sale to, or benefit of, a customer outside of the Department.

C. This chapter provides guidance on the costing of reimbursements that should be obtained as a result of providing authorized services or materiel. It is applicable unless a specific DoD issuance authorizes alternative reimbursement policies. The most significant of these alternative reimbursement policies are as follows:

1. Volume 11B of this Regulation establishes the DoD policy for the recovery of cost for products and services provided by a DoD Working Capital Fund activity.

2. Volume 13 of this Regulation establishes the DoD accounting policy for Nonappropriated Fund instrumentalities.

3. Volume 15 of this Regulation establishes the DoD policy for the Foreign Military Sales of defense articles and defense services to friendly foreign governments and international organizations.

4. DoD Directive 1015.6, "Funding of Morale, Welfare, and Recreation Programs," establishes funding policy for morale, welfare, and recreation programs.

5. DoD Directive 3025.12, "Military Assistance for Civil Disturbances," provides the DoD policy for employment of military resources in the event of civil disturbances.

6. DoD Directive 3025.13, "Employment of Department of Defense Resources in Support of the United States Secret Service," provides the DoD policy for the use of DoD resources in support of the United States Secret Service.

7. DoD Instruction 4000.19, "Interservice and Intragovernmental Support," provides the DoD policy for interservice and intragovernmental support agreements.

8. DoD Directive 5525.5, "DoD Cooperation with Civilian Law Enforcement Officials," provides the DoD policy for reimbursable support provided to civilian law enforcement officials.

0102 POLICY AND PROCEDURES

010201. Disposition of Collections

A. Only when specifically authorized by law may collections be returned to the appropriation that procured the services or materiel being sold.

B. Collections for unfunded depreciation, unfunded civilian retirement, and interest shall be deposited into the General Fund of the U.S. Treasury as miscellaneous receipts unless otherwise provided for by this chapter or other DoD issuances. Disposition of collections for Foreign Military Sales shall be in accordance with Volume 15 of this Regulation.

010202. Billing Standard. DoD Components performing work or services on a customer order shall bill the requesting DoD Component, other federal agency, or the public for earned reimbursements (performance of work or services, payments to contractors, or delivery from inventory) within 30 calendar days after the month in which performance occurred. The payment due date shall not be more than 30 calendar days from the date of the invoice. Bills rendered shall not be subject to audit by the customer prior to payment.

010203. General Rules for Determining Amounts to be Reimbursed. The following rules shall be followed by DoD Components when determining amounts to be collected as reimbursements unless other specific reimbursable rules have been established in this volume or by

alternative reimbursement policies (see paragraph 010102.C., above). An order placed or agreement made under the Economy Act obligates an appropriation of the ordering entity. The amount obligated is deobligated to the extent that the entity filling the order has not incurred obligations, before the end of the period of availability of the appropriation (Title 31, United States Code, section 1535). The tables provided in addendum 1 and addendum 2 to this chapter provide a summarization of the rules for determining the amounts to be collected by appropriated fund and DoD Working Capital Fund activities.

A. Direct Civilian Labor

1. The cost of direct civilian labor incurred in the performance of a service for, or the furnishing of materials to, another entity shall be reimbursed unless the performing entity has been provided appropriated funds directly to it for that purpose. Otherwise, the performing entity would be penalized to the extent that its funds are used to finance the cost of performing another entity's work, while the ordering entity's appropriations are augmented to the extent that they now may be used for some other purpose.

2. Civilian labor performed for the benefit of other DoD Components, other Federal agencies, and the public shall be charged at actual hourly pay rates multiplied by the number of actual hours worked or assigned (detailed). Full-time assignments (details) shall be charged using annual rates. Otherwise, an hourly rate of 1/2087, as applicable, of the annual rate shall be used and a leave and holiday factor of 18 percent of pay cost added.

3. Direct civilian labor includes consultants and direct hire foreign nationals employed by DoD activities.

4. Civilian personnel fringe benefit rates will be determined in accordance with Chapter 6, Appendix C, "Civilian Personnel Fringe Benefit" of this volume.

5. Foreign national reimbursement rates are determined based on local pay agreements. Periodic reviews must be made to determine if the U.S. Government must make a contribution for severance pay or retirement pay.

B. Direct Military Labor

1. As a rule, the applicable military personnel appropriations shall fund the cost of direct (and indirect) military labor incurred in the performance of a service for, or the furnishing of materials to, another DoD entity. Therefore, since a direct appropriation is provided for that purpose, the cost of military labor shall not be charged to another DoD entity except for the cost of military personnel assigned to DoD Working Capital Fund activities. DoD Working Capital Fund activities shall be reimbursed by their customers for the cost of military labor as prescribed in Volume 11B of this Regulation.

2. Military labor shall be charged to non-DoD organizations on the basis of the actual hours worked or assigned (detailed). Assignments (details) shall be charged

using the annual military composite standard pay rates determined by the Military Departments. The military composite standard pay rates will be computed in accordance with Chapter 6, Appendix I, "Military Composite Standard Pay" of this volume.

3. Military fringe benefits (that is, other personnel support cost) shall be charged to non-DoD organizations on the basis of a percentage of military pay costs and billed as part of direct costs. The applicable percentage will be in accordance with Chapter 6, Appendix I, "Military Composite Standard Pay" of this volume.

C. Temporary Duty Costs (TDY). Travel costs of DoD civilian employees and military personnel incurred in performance of a reimbursable work order shall be charged as a direct cost when such travel can be identified specifically to the order. Costs of supplies and other directly relatable expenses also are chargeable.

D. DoD Personal Property and Inventory

1. DoD Working Capital Fund Materiel. Inventory issues and operating materials and supplies consumed from DoD Working Capital Fund stocks are reimbursable unless specific legal authority precludes reimbursement. Transfers to DoD Components, other Federal agencies, private parties and contractors performing work for a DoD Component or other Federal agency, shall be priced at standard prices (see Volume 11B of this Regulation).

2. Reutilization and Marketing Materiel (Surplus)

a. The disposition of materiel by a Defense Reutilization and Marketing Office shall be in accordance with DoD 4160.21-M, "Defense Reutilization and Marketing Manual." The accounting treatment is set forth in Volume 11B and Chapter 7, "Other Assets" in Volume 4, "Accounting Policy and Procedures," of this Regulation.

b. The general rules for the disposition of proceeds from the sale of scrap or excess personal property shall be in accordance with Chapter 5, "Disposition of Proceeds from Sales of DoD Excess and Surplus Personal Property" of this volume.

3. Non-DoD Working Capital Fund Materiel. The pricing of personal property for non-DoD Working Capital Fund materiel is dependent upon whether the item(s) being transferred or sold (a) will be transferred to another DoD Component and (b) would normally be replaced. This decision shall be based on a review of the approved acquisition objective. If the sale will reduce assets required to meet the approved acquisition objective, then replacement is required.

a. Issues Within or to Another DoD Component. Issues within or to another DoD Component shall be on a nonreimbursable basis, but will require an accounting entry to reflect the transfer from the losing to the gaining activity. The accounting entry shall reflect original acquisition cost and any accumulated depreciation.

b. Issues to Another Federal Agency or Private Parties. Issues to other federal agencies or private parties shall be as follows:

(1) Materiel to be Replaced.

(a) Materiel, including equipment, for which replacement (i.e., similar, but not exact) or replacement in kind (i.e., exact) is required, shall be transferred or sold at the estimated replacement cost, including the contract or production costs of the article less an adjustment for age and condition of the item being sold. This price is determined as follows:

1 Determine the normal useful peacetime life of the item or equipment to be sold.

2 Determine the percentage of useful life remaining on the item.

3 Apply the percentage developed in paragraph D.3.(1)(a)(2), above, to the estimated (or actual) cost of the replacement item. The resultant amount is the base cost to be used in the sale price calculation. Under no condition shall the sale price be lower than the scrap value plus the cost of the last major overhaul or outfitting accomplished within 24 months before the sale.

(b) If it is imperative that the item be replaced through accelerated procurements and normal pricing policies will not adequately recoup replacement costs, an exception to DoD pricing policies shall be requested from the Under Secretary of Defense (Comptroller), Office of the Deputy Comptroller (Program/Budget). Normally, the exception would be to either add a replacement factor or delay final pricing until the contract for replacement items is financially complete.

(2) Materiel Not to be Replaced. Material, including equipment, shall be transferred or sold to other federal agencies and private parties at their original acquisition cost minus an adjustment for age and condition of the item being sold. Reimbursements from Foreign Military Sales transactions from the sale of assets will be in accordance with Chapter 7, Volume 15 of this Regulation.

E. Contracts

1. Contract costs incurred for contracts awarded as part of a reimbursable agreement shall be billed to the benefiting organization.

2. Government-furnished materiel shall be billed in addition to contract costs in accordance with paragraph 010203.D., above.

3. If the contract is provided to meet the requirements of a non-Federal Government organization, the contractor shall be required to pay rent (at fair market value) to the Department for the use of plant or production equipment utilized in manufacturing the item being sold.

4. The collection of interest on a late payment is applicable to a contract to a non-Federal government organization that is required to pay a recoupment charge in accordance with Volume 15 of this Regulation. The contract recoupment clause 252.270-7000, required by Defense Federal Acquisition Regulation Supplement, provides for the established charge to be paid to the appropriate DoD focal point within 30 days following delivery to, or acceptance of the item by, a purchaser, whichever comes first. This is the due date. The contract interest clause 52.232-17, mandated by the "Federal Acquisition Regulation," provides that all amounts that become payable under the contract shall bear simple interest from the due date until paid, unless paid within 30 days of becoming due.

5. Contract administration charges shall be charged to other federal agencies and private parties, in accordance with statutory or policy requirements. Contract administration costs are not to be charged within a DoD Component or to another DoD Component when funding for such costs are included in the mission funding of the performing DoD entity.

6. DoD personnel services in support of contracts shall be costed in accordance with paragraphs 010203.A. and 010203.B., above.

F. Accessorial Expenses

1. Accessorial costs represent certain expenses incident to issues, sales, and transfers of materiel. Accessorial costs include costs incurred for packing, crating, and handling (PCH); transportation; and port loading and unloading. PCH expenses are costs incurred for sales or shipments of property. Accessorial expenses may be incurred by the DoD for direct delivery of items from contractor facilities or by DoD Components for items furnished from DoD stocks. Accessorial expenses incurred by contractors for direct delivery items are normally included in the contract price of the property. If accessorial costs of direct delivery items are billed separately by the contractor, they shall be reimbursed in accordance with this section. Accessorial expenses incurred by one DoD Component are not reimbursable from another DoD Component when funding for such costs are included in the mission funding of the performing DoD entity.

2. Unless otherwise provided by law or regulation, accessorial expenses shall be billed to the following:

- a. Non-DoD Federal departments, agencies, or instrumentalities.
- b. Non-Federal entities, including DoD contractors.

c. Nonappropriated funds when property is transported for DoD morale, welfare, and recreation activities unless reimbursement has been waived by DoD Directive 1015.6, "Funding of Morale, Welfare, and Recreation Programs."

3. Accessorial charges shall be reimbursed by non-DoD activities at the actual cost incurred. Accessorial charges for Foreign Military Sales are prescribed in Chapter 7, Volume 15 of this Regulation.

G. Asset Use Charge. A charge for the use of DoD assets (facilities and equipment, or both) is required to recoup depreciation and interest on investment. Amounts collected shall be returned to the U.S. Treasury as miscellaneous receipts, unless otherwise provided for by statute or other DoD guidance. (Asset use charges are not assessed for Foreign Military Sales, see Volume 15 of this Regulation). A four percent charge, developed by the Office of the Secretary of Defense through cost-finding techniques, may be used or the following calculations shall be performed:

1. Depreciation. Depreciation expense represents the amortization of the cost of depreciable property, plants, and equipment as an operating expense over the period in which assets are expected to provide benefits. Depreciation shall be charged using the straight-line method of depreciation. The calculation of depreciation is illustrated in Table 1-1, below.

2. Interest on Investment in Assets. Both DoD Working Capital Fund and non-DoD Working Capital Fund activities shall include in reimbursement billings to private parties an amount to recognize the interest on investment in fixed assets when such assets are acquired or manufactured for the purpose of, or prepared for use in, providing materiel to private parties. The calculation of interest on investment is illustrated in Table 1-2, below.

H. Repair and Maintenance. When repair and/or maintenance of items occurs, costs from a cost accounting system or, in its absence, equivalent costs developed through cost-finding techniques shall be billed.

1. Labor Cost. The cost shall be computed in accordance with paragraphs 010203.A. and 010203.B., above.

2. Materiel and Supplies. The cost shall be computed in accordance with paragraph 010203.D., above.

3. Transportation and Related Costs. The cost shall be computed in accordance with paragraph 010203.F., above.

EXAMPLE OF STRAIGHT-LINE METHOD OF DEPRECIATION

Acquisition cost of the asset	\$1,000,000
Less: Residual value (scrap)	\$ 100,000
Depreciable basis	\$ 900,000

Estimated useful life in years	20
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The annual depreciation expense of \$45,000 is computed by dividing the \$900,000 depreciable basis by the 20-year useful life.

Hourly charge is computed by dividing the annual depreciation expense of \$45,000 by 2,080 (standard yearly hours) to arrive at \$21.63 per hour.

Multiply the hours used to complete the customer order by the hourly charge. For example, 500 hours x \$21.63 = \$10,815 depreciation expense to be charged.

Table 1-1**EXAMPLE OF INTEREST ON INVESTMENT CALCULATION**

Acquisition cost of the asset	\$1,000,000.
Less: Accumulated depreciation (5 years at \$45,000 per year)	\$ 225,000
Net Book Value	\$ 775,000

Annual interest (10 percent per annum)	\$ 77,500
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Hourly charge is computed by dividing the annual interest of \$77,500 by 2,080 (standard yearly hours) to arrive at \$37.26 per hour.

Multiply the hours used to complete the customer order by the hourly charge. For example, 500 hours x \$37.26 = \$18,630 interest on investment to be charged.

Table 1-2

4. Overhead Costs. These costs shall be computed in accordance with paragraph 010203.J., below.

I. Leased or Loaned DoD Equipment. When determining the charge for leased or loaned equipment, the following elements shall be billed:

1. Depreciation is not applicable to federal agencies unless the billing activity is a working capital fund. Depreciation shall be based on cost-finding techniques for sales to private parties unless actual rates are known. Calculations shall be in accordance with subparagraph 010203.G.1., above.

2. Interest on investment in assets shall be computed in accordance with subparagraph 010203.G.2., above.

3. Value of equipment not returned to the owning DoD Component shall be a sale to the borrowing organization. This sale shall be priced in accordance with paragraph 010203.D., above.

4. Accessorial expenses shall be recognized in accordance with paragraph 010203.F., above.

5. Repair costs to restore equipment or property to its condition at the time leased or loaned shall be collected from the using organization. The amounts may be based on either actual job order cost accumulations or estimates of the cost to be incurred based upon past repair and maintenance experience for similar equipment. The amounts collected shall be returned to the appropriation that financed the repair and maintenance. Direct labor costs shall be computed in accordance with paragraphs 010203.A. and 010203.B., above. Materiel and supply costs shall be computed in accordance with paragraph 010203.D., above. Overhead shall be computed in accordance with paragraph 010203.J., below.

J. Overhead

1. Overhead is sometimes referred to as indirect or general and administrative costs, which consist of costs that cannot readily, or directly, be identified in the performance of a customer order. Examples of such costs are supervision, office supplies, utility costs, etc. If an organization has a significant amount of reimbursable effort, such costs are accumulated in a cost pool and allocated to customers. In the absence of a cost accounting system, applicable costs may be estimated.

2. Overhead charges normally are not applied to reimbursable customer orders received from appropriated fund activities within the Department. However, appropriated fund activities are to charge for overhead when sales are consummated with other federal agencies and private parties. DoD working capital fund activities shall be reimbursed by their customers for overhead charges as prescribed in Volume 11B of this Regulation.

010204. DOCUMENTATION STANDARDS

A. General. Orders must be supported by documented evidence of a formal offer and acceptance between the grantor and grantee of the order. (See DoDI 4000.19, "Interservice and Intragovernmental Support" for additional guidance.) In the absence of such documentation, there can be no assurance that there is a meeting of the minds on the material or services to be provided nor that payment is required. The principal documents used by the Department are:

1. The memorandum of understanding (MOU).
2. The memorandum of agreement (MOA).
3. The universal order format.

B. Preparation Standards. The following standards apply to the preparation of these documents:

1. MOU or MOA. These documents normally are used when a certain unquantifiable type of support is required over a period of time, usually a 1-year duration. The MOU or MOA establishes the estimated total yearly requirement. Calls then are placed against the MOU or MOA as required support is quantified.

a. The minimum essential information that shall be included in an MOU or MOA is listed below. A model of an MOA is illustrated as addendum 3 to this chapter.

(1) The authority for entering into the MOU or MOA, such as the "Economy Act" (31 U.S.C. 1535) or the "Project Order Law" (41 U.S.C. 23). See Chapter 8, "Standards for Recording Commitments and Obligations," in Volume 3 of this Regulation.

(2) A description of the material or services required.

(3) The established dollar limits and any authority to exceed applicable limits without specific approval from the ordering activity.

(4) The financing source or fund citation.

(5) The delivery requirements.

(6) The payment provisions.

(7) The duration of the agreement.

(8) The form in which specific orders against the MOU or MOA will be placed, for example, telephone calls, memoranda, or supplementary formal orders.

b. The MOU or MOA should be coordinated with appropriate program, comptroller, and legal offices. This is a fundamental control technique to demonstrate and document the legality and propriety of the arrangement.

c. When a DoD activity is the ordering organization, any MOU or MOA shall contain language that clearly sets forth the fact that the document is subject to the availability of funds unless the agreement itself is to be an obligating document. If the agreement is to be an obligating document, there must be a certification of fund availability and the obligation must be recorded promptly.

2. Universal Order Format. The universal order format is a way to document the financial terms of the offer and acceptance when specific services or quantities are known. Similar formats or computer-produced equivalents that contain all of the required information may also be used. This is an all-purpose format that may be issued on a reimbursable or direct citation basis, or both. It is a specific and definite request for material, supplies, equipment, or services. This format does not replace DD Form 1144, "Support Agreement" or DD Form 448, "Military Interdepartmental Purchase Request." The universal order format may serve as an "Economy Act Order," a "Project Order," or an order based upon other statutory authority. Performance of the work and/or services requested must be accomplished in accordance with the statutes and regulations governing the type of order. A sample of the universal order format and instructions for preparation are illustrated in addendum 4 to this chapter.

a. The universal format contains essential data such as the following:

(1) The funds citation using the current applicable accounting classification.

(2) A document number, assigned by the requesting activity, that uniquely identifies the document and provides an audit trail between the order, posting to the accounting system and posting to other automated information systems.

(3) The dollar value of the order and any flexibility allowed in executing the order.

(4) Detailed description of work or services to be performed or items to be delivered.

(5) The expected completion date for the order or request.

(6) Documentation of the names of the officials responsible for both the offer and acceptance to meet the requirements established for the administrative control of appropriations.

(7) Funds expiration date that indicates when the funds must be obligated by the performing activity. Funds not actually obligated by the expiration date shall be returned to the requesting activity. An amendment shall be prepared by the performing activity to return excess funds.

b. Any restrictive statements relating to the reimbursable or direct citation portion shall be included when deemed appropriate.

c. Amendments to the order may be prepared if funds are not sufficient to let a contract or perform the requested services. Amendments can only be accepted by the requesting activity.

d. The requesting activity shall record the total value of the order as a commitment in its financial records. If the order is accepted on a reimbursable basis, obligations shall be recorded upon receipt of written acceptance from the performing activity. If the order is on a direct fund citation basis, obligations shall be recorded upon receipt of the contract and attachments from the contracting activity. (Additional guidance can be found in Volume 3, Chapter 8, "Standards for Recording Commitments and Obligations" of this Regulation.)

ADDENDUM 1						
APPROPRIATED FUNDS						
CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES						
	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES	
1. Sale of Services						
a. Direct Civilian Labor						
(1) Payroll Costs	010203.A.1.-2.	N/A	Actual	Actual	Actual	
(2) Leave and Holiday Costs	010203.A.2.	N/A	DoD Factor	DoD Factor	DoD Factor	
(3) Funded Fringe Benefit Cost	010203.A.4.	N/A	DoD Factor	DoD Factor	DoD Factor	
(4) Unfunded Fringe Benefit Cost	010203.A.4.	N/A	N/A	N/A	OPM Rate	
b. Indirect Civilian Labor	NOTE: Indirect Civilian Labor is included in overhead rate.					
(1) Payroll Costs	010203.J.	N/A	Actual	Actual	Actual	
(2) Leave and Holiday Costs	010203.J.	N/A	DoD Factor	DoD Factor	DoD Factor	
(3) Funded Fringe Benefit Cost	010203.J.	N/A	DoD Factor	DoD Factor	DoD Factor	
(4) Unfunded Fringe Benefit Cost	010203.J.	N/A	N/A	N/A	OPM Rate	
c. Direct Military Labor						
(1) Payroll Cost	010203.B.1.-2.	N/A	N/A	Composite Rate	Composite Rate	
(2) Leave and Holiday Costs	010203.B.2.	N/A	N/A	DoD Factor	DoD Factor	
(3) Other Personnel Support Cost Factors	010203.B.3.	N/A	N/A	DoD Factor	DoD Factor	
d. Indirect Military Labor	NOTE: Indirect Military Labor is included in overhead rate.					
(1) Payroll Cost	010203.J.	N/A	N/A	Composite Rate	Composite Rate	
(2) Leave and Holiday Costs	010203.J.	N/A	N/A	DoD Factor	DoD Factor	
(3) Funded Fringe Benefit Cost	010203.J.	N/A	N/A	DoD Factor	DoD Factor	
e. Temporary Duty Costs for Direct Labor	010203.C.	Actual	Actual	Actual	Actual	

ADDENDUM 1 APPROPRIATED FUNDS CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES						
	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES	
f. Use of DoD Assets in Computing the Performance of Services						
(1) Asset Use Charge	010203.G.	N/A	N/A	N/A	DoD Factor	
(2) Depreciation	010203.G.1.	N/A	N/A	N/A	DoD Factor	
(3) Interest on Investment in Assets	010203.G.2.	N/A	N/A	N/A	DoD Factor	
2. Sale of DoD Personal Property						
a. Replacement Required	010203.D.3.b.(1)	TRANSFER ACCOUNTING ENTRY REQUIRED		Replacement Cost	Replacement Cost	
b. Replacement Not Required	010203.D.3.b.(2).			Acquisition Cost	Acquisition Cost	
c. Indirect Supplies	010203.J.	Overhead Rate	Overhead Rate	Overhead Rate	Overhead Rate	
d. PCH	010203.F.	N/A	N/A	Actual	Actual	
e. Transportation	010203.F.	N/A	N/A	Actual	Actual	
f. Nonrecurring Cost Recoupment Charge	Volume 15/ DoDD 2140.2	N/A	N/A	N/A	DoD Charge	
3. Sales of Material and Services Procured for Customers						
a. Contract Cost	010203.E.	Actual	Actual	Actual	Actual	
b. Contract Administration Expense	010203.E.5.	N/A	N/A	Actual	Actual	
c. PCH	010203.F.	Actual	Actual	Actual	Actual	
d. Transportation	010203.F.	Actual	Actual	Actual	Actual	
e. Nonrecurring Cost Recoupment Charge	Volume 15 DoDD 2140.2	N/A	N/A	N/A	DoD Charge	

ADDENDUM 1 APPROPRIATED FUNDS CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES					
	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES
4. Miscellaneous Sales					
a. Lease and/or Loan Equipment					
(1) Depreciation	010203.I.1.	N/A	N/A	N/A	DoD Factor
(2) Interest on Investment in Assets	010203.I.2.	N/A	N/A	N/A	DoD Factor
(3) Value of Equipment not Returned	010203.I.3.	N/A	N/A	Replacement Factor	Replacement Factor
(4) PCH	010203.I.4.	N/A	N/A	Actual	Actual
(5) Transportation	010203.I.4.	N/A	N/A	Actual	Actual
b. Repairs to Restore Equipment and/or Property to Original Condition	010203.I.5				
(1) Direct Labor	010203.A 010203.B	See Sale of Services	See Sale of Services	See Sale of Services	See Sale of Services
(2) Material and/or Supplies	010203.D	See Sale of DoD Personal Property	See Sale of DoD Personal Property	See Sale of DoD Personal Property	See Sale of DoD Personal Property
(3) Overhead	010203.J.	N/A	N/A	Overhead Rate	Overhead Rate

ADDENDUM 2						
DoD WORKING CAPITAL FUNDS AND OTHER REVOLVING FUNDS CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES						
	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES	
1. Sale of Services						
a. Direct Civilian Labor						
(1) Payroll Costs	010203.A.1.-2.	Actual	Actual	Actual	Actual	Actual
(2) Leave and Holiday Costs	010203.A.2.	Actual	Actual	Actual	Actual	Actual
(3) Funded Fringe Benefit Cost	010203.A.4.	Actual	Actual	Actual	Actual	Actual
(4) Unfunded Fringe Benefit Cost	010203.A.4.	N/A	N/A	N/A	N/A	OPM Rate
b. Indirect Civilian Labor	NOTE: Indirect Civilian Labor is included in overhead rate.					
(1) Payroll Costs	010203.J.	Actual	Actual	Actual	Actual	Actual
(2) Leave and Holiday Costs	010203.J.	Actual	Actual	Actual	Actual	Actual
(3) Funded Fringe Benefit Cost	010203.J.	Actual	Actual	Actual	Actual	Actual
(4) Unfunded Fringe Benefit Cost	010203.J.	N/A	N/A	N/A	N/A	OPM Rate
c. Direct Military Labor						
(1) Payroll Cost	010203.B.1.-2.	Civilian Equiv for DoD Working Capital Funds; N/A for Others	Civilian Equiv for DoD Working Capital Funds; N/A for Others	Composite Rate	Composite Rate	Composite Rate
(2) Leave and Holiday Costs	010203.B.2.	N/A	N/A	DoD Factor	DoD Factor	DoD Factor
(3) Other Personnel Support Cost Factors	010203.B.3.	N/A	N/A	DoD Factor	DoD Factor	DoD Factor
d. Indirect Military Labor	NOTE: Indirect Military Labor is included in overhead rate.					
(1) Payroll Cost	010203.J.	Civilian Equiv for DoD Working Capital Funds; N/A for Others	Civilian Equiv for DoD Working Capital Funds; N/A for Others	Composite Rate	Composite Rate	Composite Rate

ADDENDUM 2					
DoD WORKING CAPITAL FUNDS AND OTHER REVOLVING FUNDS CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES					
	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES
(2) Leave and Holiday Costs	010203.J.	N/A	N/A	DoD Factor	DoD Factor
(3) Other Personnel Support Cost Factors	010203.J.	N/A	N/A	DoD Factor	DoD Factor
e. Temporary Duty Costs for Direct Labor	010203.C.	Actual	Actual	Actual	Actual
f. Use of DoD Assets					
(1) Asset Use Charge	010203.G.	N/A	N/A	N/A	DoD Factor
(2) Depreciation	010203.G.1.	Actual	Actual	Actual	Actual
(3) Interest on Investment in Assets	010203.G.2.	N/A	N/A	N/A	DoD Factor
2. <u>Sale of DoD Personal Property</u>					
a. Inventory Items	010203.D.1.	Standard Price	Standard Price	Standard Price	Standard Price
b. Non-Inventory Items	010203.D.1.	Standard Price	Standard Price	Standard Price	Standard Price
c. Reutilization and Market Items (surplus)	010203.D.2.	TRANSFER ACCOUNTING ENTRY REQUIRED.			
d. Associated Costs					High Bid
(1) PCH	010203.F.	Actual	Actual	Actual	Actual
(2) Transportation	010203.F.	Actual	Actual	Actual	Actual
(3) Nonrecurring Cost Recoupment Charge	Volume 15 DoDD 2140.2	N/A	N/A	N/A	DoD Charge
3. <u>Sales of Material and Services Procured for Customers</u>					
a. Contract Cost	010203.E.	Actual	Actual	Actual	Actual
b. Contract Administration Expense	010203.E.5.	Actual	Actual	Actual	Actual
c. PCH	010203.F.	Actual	Actual	Actual	Actual
d. Transportation	010203.F.	Actual	Actual	Actual	Actual

ADDENDUM 2					
DoD WORKING CAPITAL FUNDS AND OTHER REVOLVING FUNDS CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES					
	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES
e. Nonrecurring Cost Recoupment Charge	Volume 15 DoDD 2140.2	N/A	N/A	N/A	DoD Charge
4. <u>Miscellaneous Sales</u>					
a. Lease and/or Loan Equipment					
(1) Depreciation	010203.I.1.	Actual	Actual	Actual	Actual
(2) Interest on Investment in Assets	010203.I.2.	N/A	N/A	N/A	DoD Factor
(3) Value of Equipment not Returned	010203.I.3.	Acquisition Cost	Acquisition Cost	Replacement Cost	Replacement Cost
(4) PCH	010203.I.4.	Actual	Actual	Actual	Actual
(5) Transportation	010203.I.4.	Actual	Actual	Actual	Actual
b. Repairs to Restore Equipment and/or Property to Original Condition	010203.I.5				
(1) Direct Labor	010203.A 010203.B	See Sale of Services	See Sale of Services	See Sale of Services	See Sale of Services
(2) Material and/or Supplies	010203.D	See Sale of DoD Personal Property	See Sale of DoD Personal Property	See Sale of DoD Personal Property	See Sale of DoD Personal Property
(3) Overhead	010203.J.	Overhead Rate	Overhead Rate	Overhead Rate	Overhead Rate

ADDENDUM 3
MEMORANDUM OF AGREEMENT (MOA)
BETWEEN THE
U.S. (INSERT AGENCY NAME) AND THE U.S. DEPARTMENT OF DEFENSE
TO REIMBURSE THE DEPARTMENT OF DEFENSE
FOR _____

I. Purpose. This agreement establishes the financial arrangements between the (identify the other Federal agency) and the Department of Defense to reimburse the Department of Defense for the (identify the program).

II. Description of Services to be Provided. The Department of Defense is to maintain the capability to respond on an as required basis to the (identify the other Federal Agency) requirements for (describe the required support) and to meet the needs of the (identify the Federal Agency activity being supported) that has limited (identify the support) capabilities.

III. Basis for Reimbursement

A. This agreement is entered into under the provisions of (identify the authority, such as the "Economy Act") and provides for reimbursable orders of approximately \$_____. This MOA is subject to annual modification as necessary, to provide for reimbursement of costs as described below in providing the requested support. The amounts in respective reimbursable orders may not be exceeded by more than (display the ceiling by either a percentage or dollar value) without written approval by the (other Federal Agency).

B. Support furnished under the terms of this agreement shall be for the costs incurred by the Department of Defense in providing the services.

IV. Procedural Arrangements

A. Estimating. The Department of Defense continuously will review its actual costs incurred in providing the requested support to ascertain if they are in line with the annual cost estimates. The Department of Defense will promptly advise the (other Federal agency) of any required revisions to the value of this agreement.

B. Ordering. The (other Federal agency) will provide a completed order for specific material or services to the Department of Defense for acceptance and the identification of the (other Federal agency) accounting data for resulting billings (unless a check is provided in advance). The delivery requirements of the (other Federal agency) will be stated in the order.

ADDENDUM 3

C. Billing. The DoD Component will bill the (other federal agency) on a monthly basis by submitting Standard Form (SF) 1080 (Voucher for Transfers Between Appropriations) and including a breakdown of actual cost elements being reimbursed. The voucher shall be sent or delivered to the (other Federal agency billing address) within 30 days after the month in which the transaction occurred.

D. Payment of Bills. The (other Federal agency) paying office will forward check payment(s), along with a copy of billed invoice(s) to appropriate addressees listed on billing invoices within 30 days of the date of invoice, unless the SF 1080 is identified as no check required. Bills rendered shall not be subject to audit in advance of payment.

V. Effective Date. This agreement is effective _____ and will terminate on _____.

(Other Federal Agency)

(DoD Component)

ADDENDUM 4 UNIVERSAL ORDER FORMAT

UNIVERSAL ORDER FORMAT		2. DOCUMENT NUMBER:		3. DATE PREPARED:	
1. THE ORDER IS ISSUED AS A (CHECK APPLICABLE BOX(ES)) <input type="checkbox"/> ECONOMY ACT ORDER (31 U.S.C. 1535) <input type="checkbox"/> PROJECT ORDER (41 U.S.C. 23) <input type="checkbox"/> OTHER REIMB ORDER (CITE STATUTE) _____ <input type="checkbox"/> DIRECT CITATION				4. ORDER COMPLETION DATE:	
				5. AMENDMENT NUMBER:	
6. FROM: REQUESTING ACTIVITY (AGENCY, ADDRESS)			7. POINT OF CONTACT: (NAME, OFFICE SYMBOL, PHONE)		
8. TO: PERFORMING ACTIVITY (AGENCY, ADDRESS)			9. MAIL BILLINGS TO:		
10. FUNDS FOR THIS ORDER ARE PROPERLY CHARGEABLE TO THE FOLLOWING ACCOUNTING DATA. AVAILABLE FUNDS ARE SUFFICIENT TO COVER THE ESTIMATED TOTAL COST OF THIS ORDER. FUNDS EXPIRE ON _____					
a APPROPRIATION	b LIMIT/ SUBHEAD	c SUPPLEMENTAL ACCOUNTING CLASSIFICATION	d ACCTG STATION	e AMOUNT	
f. TOTAL THIS DOCUMENT:					
g. CUMULATIVE TOTAL:					
11. THE ITEMS REQUESTED <input type="checkbox"/> ARE <input type="checkbox"/> ARE NOT INCLUDED IN THE INTERSERVICE SUPPORT PROGRAM AND REQUIRED INTERSERVICE SCREENING <input type="checkbox"/> HAS <input type="checkbox"/> HAS NOT BEEN ACCOMPLISHED.					
11a. REMARKS: (ATTACH CONTINUATION SHEET IF MORE SPACE IS REQUIRED)					
12. DESCRIPTION OF ORDER AND OTHER INSTRUCTIONS: (ATTACH CONTINUATION SHEET IF MORE SPACE IS REQUIRED)					
a REF NO	b ITEM NO	c SCHEDULE OF SUPPLIES/SERVICES	d QUANTITY ORDERED/ ACCEPTED	e UNIT	f UNIT PRICE
h. TOTAL ESTIMATED AMOUNT: (Total Block 12 g.)					
13. PROVIDED THROUGH REIMBURSEMENT			14. PROCURED BY DIRECT CITATION		
a REF NO.	b ITEM NO.	c ESTIMATED AMOUNT	a REF NO.	b ITEM NO.	c ESTIMATED AMOUNT
15. FUNDS PROVIDED THROUGH REIMBURSEMENT: (Total Block 13c)					
16. PROCURED BY DIRECT CITATION: (Total Block 14c)					
17. I CERTIFY THAT THE FUNDS CITED ARE PROPERLY CHARGEABLE FOR THE ITEMS REQUESTED.					
_____ AUTHORIZING OFFICIAL (NAME, TITLE AND SIGNATURE)					_____ (DATE)
18. THIS REQUEST AND/OR ORDER IS ACCEPTED ON A <input type="checkbox"/> REIMBURSABLE <input type="checkbox"/> DIRECT CITE BASIS AND THE ITEMS WILL BE PROVIDED IN ACCORDANCE HEREWITH. THIS REQUEST AND/OR ORDER IS NOT ACCEPTED <input type="checkbox"/> (SEE REMARKS).					
_____ ACCEPTING OFFICIAL (NAME, TITLE AND SIGNATURE)					_____ (DATE)
19. POINT OF CONTACT: (NAME, OFFICE SYMBOL, PHONE NO.)					

ADDENDUM 4

PREPARATION INSTRUCTIONS FOR THE UNIVERSAL ORDER FORMAT

Instructions for the preparation of the "universal order format" are as follows: The requesting activity shall complete blocks 1. through 12. and 17. The performing activity shall complete blocks 13. through 16., 18 and 19.

<u>Block No.</u>	<u>Title and/or Description</u>
1	<u>Type of Order</u> - Indicate the type of order being processed. The order may be on a reimbursable or direct fund cite basis, or both. The order may serve as an "Economy Act Order" (31 U.S.C. 1535), a "Project Order" (41 U.S.C 23), or an order based upon other statutory authority. Performance of the work or services, or both, must be accomplished in accordance with the applicable statutes.
2	<u>Document Number</u> - Document numbers are generally assigned by the requesting activity. These numbers are for accountability and control purposes. It uniquely identifies the document and is the number under which the funds cited in blocks 10, 15, and 16, are to be recorded (that is, committed, obligated, expended, etc.).
3	<u>Date Prepared</u> - The date on which the form was prepared by the originator.
4	<u>Order Completion Date</u> - The date by which the work or services being requested must be completed by the performing activity, or physical delivery of material. An extension or change of the completion date, if required, shall be requested in writing and is subject to the approval of the requesting activity cited in block 6. An amendment to the original order shall be prepared by the requesting activity if extension or change is approved.
5	<u>Amendment Number</u> - The number assigned by the originating activity to uniquely identify each amendment to the original (basic) document.
6	<u>From</u> - The name and address of the activity requesting the work or services.
7	<u>Point-of-Contact</u> - The name of an individual at the requesting activity who can be contacted if any questions should arise regarding the order. A telephone number and office symbol also should be identified. This individual generally is not the same as the authorizing official in block 17.

- 8 To - The name and address of the activity being requested to perform the work or services.
- 9 Mail Billings To - The name and address of the organization or activity to whom the billings are to be mailed when the universal order format is issued external to DoD Components. Billings normally shall be submitted by the performing activity on a monthly basis unless specifically stated in block 12.
- 10 Accounting Data
- a. Enter the funds expiration date. This date indicates when the funds must be obligated by the performing activity. Funds not actually obligated by the expiration date shall be returned to the requesting activity.
- b. The accounting classification data code structure shall be the one currently in effect. (If the accounting classification code structure is other than DoD, such as that of a civil agency, this block may be altered to accommodate the required form.)
- c. The fund balances should be sufficient to cover the total estimated amount for the subject order. Block 10.f. represents the total amount of funds authorized for the particular document or amendment. Block 10.g. represents the cumulative total amount of funds authorized, including previous amendments, as of the date of that particular document and/or amendment. In the case of a "basic" document, the amounts appearing in blocks 10.f. and 10.g. will be identical.
- 11 Interservice Support Program - Indicate the applicable box pertaining to items requested.
- 11a Remarks - Use for additional information as required.
- 12 Description of Work to be Performed and Other Instructions - Enter a specific, definite and complete description of work encompassed by the order, each item of supplies, material, equipment, or services required. If additional space is required, a continuation sheet may be used. Add the estimated amounts in block 12.g. and enter the amount in block 12.h. The amount in block 12.h. should be the same as blocks 10.f. and/or 10.g.
- 13 Provided through Reimbursement: (Estimated Amount) - Indicate the items and corresponding amounts shown in block 12., which will be completed through reimbursement. This block should be completed by the performing activity.

- 14 Procured by Direct Citation: (Estimated Amount) - Indicate the items and corresponding amounts shown in block 12, which will be completed through direct citation. This block should be completed by the performing activity.
- 15 Funds Provided through Reimbursement - Add the amounts in block 13.c. and enter in this block. The sum of blocks 15 and 16 shall equal the amount shown in block 12.h. Block 12.h. shall equal block 10.f. Amounts authorized in this block are not subject to the Antideficiency Act (Title 31, United States Code, section 1517) unless specifically indicated on the face of the document.
- 16 Procured by Direct Citation - Add the amounts in block 14.c. and enter in this block. The sum of blocks 15 and 16 shall equal the amount shown in block 12.h. Block 12.h. shall equal to block 10.f. The amount in this block constitutes a limitation under Title 31, United States Code, section 1517 when the purchasing office or contracting activity is a separate entity from the requesting activity.
- 17 Authorizing Official - Enter the name, title, and signature of the individual in the requesting activity authorized to issue the document. The date the authorizing official actually signed the document also must be included. This date is the basis for determining the accounting month under which the commitment or consignment is to be recorded.
- 18 Accepting Official - Written acceptance of this order is required and is accomplished by completing this block. Enter the name, title, and signature of the individual in the performing activity authorized to accept the document.
- 19 Point-of-Contact - The name of an individual at the performing activity who can be contacted if any questions should arise regarding the order. A telephone number and office symbol should also be provided. This individual generally is not the same as the accepting official in block 18.

CHAPTER 2

PROJECT ORDERS0201 INTRODUCTION

020101. This chapter reissues guidance formerly contained in DoD Instruction 7220.1, "Regulations Governing the Use of Project Orders." This chapter prescribes regulations governing the use of project orders in the Department of Defense pursuant to authority contained in Title 41, United States Code, section 23.

020102. The referenced authority provides that:

"All orders or contracts for work or material or for the manufacture of material pertaining to approved projects heretofore or hereafter placed with Government-owned establishments shall be considered as obligations in the same manner as provided for similar orders or contracts placed with commercial manufacturers or private contractors, and the appropriations shall remain available for the payment of the obligations so created as in the case of contracts or orders with commercial manufacturers or private contractors."

020103. The term "approved projects," as used in the referenced authority, has no special meaning. It refers simply to projects that have been approved by officials having legal authority to do so.

0202 APPLICABILITY AND SCOPE. The provisions of this chapter apply to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Inspector General of the Department of Defense, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "DoD Components").

0203 DEFINITIONS

020301. Project Order. A "project order" is a specific, definite and certain order issued under the authority contained in 41 U.S.C. 23 which, when placed with and accepted by a separately managed DoD establishment, serves to obligate appropriations in the same manner as orders or contracts placed with commercial enterprises. A project order is a valid and recordable obligation of the issuing entity when the order is issued and accepted, providing the obligation otherwise meets the criteria for recordation of an obligation contained in 31 U.S.C. 1501.

A project order which lacks, at the time of issuance or acceptance, a description of the product to be provided is not sufficient to create a recordable obligation. (However, often there may be repeat orders for which the performing installation will have detailed and definite specifications available. Thus, if the performing activity has on file those elements which make a project order specific, definite, and certain, and those elements are in sufficient detail to enable the performing installation to proceed in carrying out the work ordered, it is not necessary to also

include those elements within the project order itself. In such cases, reference may be made on the project order that specification documentation is retained on file by the performing activity.)

020302. Project Order Form. Although the use of a specific project order form is not prescribed, a form substantially in the format of that shown in addendum 4, "Universal Order Format," to chapter 1, "General Reimbursement Procedures and Supporting documentation," of this volume should be used whenever practicable. However, any form may be deemed to be a "project order" and shall be subject to the provisions of this chapter, regardless of the form in which it is issued when it is:

- A. Issued by, and accepted for performance in, a DoD-owned and operated establishment,
- B. The subject of any of the purposes set forth in paragraph 020504.B of this chapter, and
- C. Placed with a DoD-owned and operated establishment.

All forms that are to be treated as project orders clearly shall be identified as such by inclusion of a statement such as "This order is placed in accordance with the provisions of 41 U.S.C. 23, as implemented by Department of Defense regulation."

020303. DoD Owned Establishment. A "DoD owned establishment" for the purpose of this chapter is any DoD owned and operated activity (i.e., not contractor owned or operated). Such activities include working capital fund activities; other revolving fund activities; and appropriated fund activities provided the appropriated funded activity engages in reimbursable operations that are not reasonably severable into fiscal year segments and those reimbursable operations can be forecasted with reasonable accuracy. Examples of such activities include equipment overhaul or maintenance shops, manufacturing or processing plants or shops, research-and-development laboratories, computer software design activities, testing facilities, and proving grounds owned and operated by the Department.

020304. Contractual Relationship, Commercial Contracts, Defaulting Contractors, and Commercial Contracting. Terms such as "contractual relationship," "commercial contracts," "defaulting contractors," and "commercial contracting" are used to indicate the close relationship between project orders and commercial contracts in the particular circumstances involved. The use of these and similar terms should neither be construed as requiring project orders to be subject to the provisions of the "Federal Acquisition Regulations System," nor as imposing upon the parties to a project order agreement, responsibilities (legal or otherwise) not provided for in this chapter.

020305. Allotment. The term "allotment" includes approved operating budgets for operation of the U.S. Armed Forces.

0204 ADVANCE PLANNING

020401. Ordering DoD Components shall give performing DoD Owned establishments advance planning data covering the work estimated to be placed with the performing DoD Owned establishment. This advance planning data shall be used by a performing DoD Owned establishment in the development of its operating budget. An operating budget is subject to revision as subsequent specific work requirements, including significant revisions thereof, are determined.

020402. At the appropriate time during project order negotiations, performing DoD Owned establishments shall give ordering DoD Components cost estimates for each item to be produced, or work to be performed, under the project order.

0205 CONDITIONS GOVERNING ISSUANCE AND ACCEPTANCE OF PROJECT ORDERS

020501. A contractual relationship must exist (be created by the project order) between the parties involved.

020502. Consistent with the concept that one entity cannot enter into a formal contract with itself, a project order shall not be used by one organizational unit to order work from another organizational unit under the same activity commander.

020503. Expiration dates of project orders may not extend beyond the point in time in which the ordering appropriation will be canceled (generally, five years after the appropriation expires for new obligation).

020504. Project orders may be issued only to DoD owned establishments (see subsection 020303) that have been given the authority to operate a reimbursable program in an amount equal to or exceeding the project order amount(s). Transactions between the Department and other government agencies are governed by the Economy Act (31 U.S.C. 1535). To determine whether the project order statute, rather than the Economy Act, provides the statutory authority for an intra-DoD order, determine whether the order is being placed with a DoD owned establishment as that term is defined in paragraph 020303, whether the order is "entire" under paragraph 020509, or whether it satisfies the requirements of the Economy Act set forth in chapter 3 of this volume.

020505. All payments by an ordering DoD Component to a performing DoD owned establishment shall be based upon either an approved payment schedule in the order or upon billings from the performing DoD owned establishment to the ordering Component.

020506. Specific, Definite and Certain. Project orders are analogous to contracts placed with commercial concerns and, similar to such contracts, shall be specific, definite and certain both as to the work encompassed by the order and the terms of the order itself. A project

order must be accepted by the performing DoD Owned establishment as a basis of obligation by the issuer.

020507. Certification of Availability for Purpose. Project orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. However, the performing entity may not be aware of all such appropriation limitations. Therefore, an official of the issuing entity should provide a certification, on or attached to the project order, that the funds cited on the project order are properly chargeable for the purposes cited in the project order.

020508. Bona Fide Need. Project orders must serve a bona fide need, of the issuing activity, that exists in the fiscal year in which the project orders is issued; otherwise, a valid obligation is not accomplished. It is not intended that the rule of bona fide need of the fiscal year rule be construed to preclude procurement lead time. Thus, where materials, for example, cannot be obtained in the same fiscal year in which they are needed and contracted for, a provision for delivery in the subsequent fiscal year does not violate the bona fide need rule so long as the time intervening between contracting and delivery is not excessive and the procurement is not for standard commercial items readily available from other sources. Bona fide need generally is a determination of the requesting activity and not that of the performing activity. A performing activity should, however, refuse to accept a project order if it is obvious that the project order does not serve a need existing in the fiscal year in which issued.

020509. "Entire" versus "Severable." To be eligible for project order financing, the need must be present in the fiscal year in which the project order is issued, require a series of actions over a period of time which may cross a fiscal year, and call for work or services that are not reasonably severable between fiscal years. For instance, an order for an "entire" end item or service would call for a single or unified outcome or product, and would be one in which few, if any, benefits would accrue if the work were terminated without completion at the end of the fiscal year in which it was placed. The distinction between "entire" and "severable" may not be evident readily and, therefore, requires some judgment. The objective desired by the requesting customer should be used in the determination. For example, if the customer provides an item (e.g., an aircraft) for overhaul or renovation and desires the entire item to be returned in a serviceable state, then a repair of a single component (e.g., avionics, landing gear, electronics) of the item when the item consists of many components needing repair, would not be a "severable" action. Conversely, if a customer desires an automated system that consists of multiple modules and some (or all) modules can be used independent of the entire system, then each module that can be used independent of the entire system is severable.

A. The following are examples that ordinarily are severable and therefore not eligible for project order financing.

- (1) Custodial or housekeeping services.
- (2) Security or fire protection services.

(3) Refuse collection.

(4) Routine maintenance in general, including grounds or surfaced area maintenance; heating and air conditioning systems operation and maintenance; and other real and personal property maintenance.

(5) Services such as education, training, subsistence, storage, printing, laundry, welfare, transportation (including port handling), travel, utilities or communications when any of these purposes is the primary purpose of the request.

(6) Efforts where the stated or primary purpose of the order is to acquire a level of effort (e.g., 100 hours, 20 weeks or one year) rather than a specific, definite, and certain end-product.

B. The following are examples in which an entire need generally exists and, therefore, are eligible for project order financing.

(1) Manufacture, production, or assembly of items including experimental prototypes or items manufactured and assembled for test. "Items" includes ships, aircraft, guided missiles, other weapons, vehicles of all kinds, ammunition, clothing, machinery and equipment for use in such operations, and other military and operating supplies and equipment (including components and spare parts).

(2) Renovation, rebuild, rehabilitation, reconditioning or overhaul of items, including such operations as are necessary to restore an item to a condition of serviceability equivalent to its original state.

(3) Alteration or modification in design or assembly of an item to meet revised specifications or to correct defects.

(4) Construction or conversion of items (including buildings and other structures), utility and communication systems and other public works.

(5) Development of software programs and automated systems when the purpose of the order is to acquire a specific, definite, and certain non-severable end-product that is reasonably achievable with the resources (financial, human, and plant) available to the provider rather than a level of effort over an extended period.

(6) Production of engineering and construction related products and services.

020510. Commencement of Work. The work to be performed under project orders shall be expected to begin within a reasonable time after its acceptance by the performing DoD owned establishment.

A. Although work on a project order is not required to commence in the year of project order acceptance, as a minimum requirement, evidence must exist at the time of project order acceptance showing the intention that work (or procurement if required prior to the beginning of work) will begin without delay (usually within 90 days) and will be completed within the normal production period for the specific work ordered.

B. If work (or procurement if required prior to the beginning of work) financed from an appropriation that expired for obligation on September 30 on a project order does not begin, or is not expected to begin, before January 1 of the following calendar year, the project order shall be returned by the performing activity for cancellation unless it is documented that the delay is unavoidable and could not have been foreseen at the time of project order acceptance and that documentation is retained for audit review.

020511. Contingent Event Prohibition. Project orders shall not be issued if commencement of work is contingent upon the occurrence of a future event or authorizing action by the ordering DoD Component.

020512. Lawful Purpose. Project orders shall not be used to contravene provisions of the law or to accomplish, by means of this device, what regulations do not permit under commercial contracts.

020513. Authorized Purpose. Project orders shall not be issued for the primary (or secondary) purpose of continuing the availability of appropriations.

020514. Project Order Modification and Amendment. Project orders, similar to commercial contracts, may contain special provisions and may subsequently be modified or amended. Unlike procurement contracts with commercial concerns, where competition requirements limit contract modifications, project orders may be changed or increased as long as proper funding is available, and the new work otherwise meets the general conditions governing issuance and acceptance of project orders identified above. If the appropriation used to fund the initial order remains available for new obligation, use it to fund modifications and amendments that are a bona fide need of that appropriation, even if the modification changes the scope of the order. If the appropriation used to fund the initial order has expired, use it to fund only those amendments and modifications that are within the general scope of the initial project order. In cases where the original appropriation has expired and no longer is available for new obligations, and the modification or amendment changes the general scope of the original order, the amendment or modification should be funded from the current appropriation. However, the appropriation cited on the project order will remain available for price increases and changes that are within the scope of the original project order. Subject to the provisions of subsection 020708, amendments to project orders, which have the effect of partial or complete termination of such orders, shall provide for the inclusion of the costs of termination.

020515. Ability to Perform. Project orders shall be issued only to those DoD owned establishments that are capable of substantially performing the work ordered. "Substantially," as used in this paragraph, means that the project order recipient should incur

costs of not less than 51 percent of the total costs attributable to rendering the work or services ordered. Total costs to render the work or services ordered include the costs of goods or services obtained from/provided by contractors.

020516. Subsidiary Ordering. The provisions of this chapter are not intended in any way to authorize one DoD owned establishment to act as a general contracting or purchasing agent for another entity.

A. Subsidiary ordering (within the government) and contracting (with commercial firms) pursuant to a project order is authorized, provided such subsidiary ordering and contracting is incident to, and is for use in, carrying out the purpose of the project order.

B. Project orders must contemplate the use of personnel and facilities (but may include use of other resources) on the part of the project order recipient, beyond those incident to contract procurement. In this connection, it is not improper for a project order recipient to subcontract for component parts when such parts will be assembled later by the recipient into the end product ordered. However, the assembly operation must require the use of personnel whose technical skills are essential to completion of the job. In addition, the work expended in the assembly operation should be of such an extent that it avoids a perception of the project order being used for contract procurement.

C. If a project order cannot be placed with another DoD owned establishment because that establishment would fill the order by contracting with a commercial concern for performance of substantially the entire order, it is possible that the order could be placed pursuant to the Economy Act [31 U.S.C. 1525(a)(3)], which permits the agency or agency unit filling the order to provide or procure by contract the goods and services necessary to perform the order.

020517. Project Order Default. Where recipients of project orders default or fail to perform work or services specified in the orders, and replacement contractors are required as the result of such default;

A. Defaulted work or services may be procured from another source to the extent of any unobligated balance in the appropriation thus obligated. Similarly, a project order also may be issued to a DoD establishment under an appropriation obligated by contracts with outside contractors when such contract is terminated for default or failure on part of the contractor to perform work or services specified in the contract. All such replacement project orders resulting from defaults may be issued and obligated subsequent to the period of availability of the appropriations for obligation if the replacement project order is made without undue delay after the termination of the original contract or project order.

B. Replacement project orders fulfill bona fide needs of the appropriation that had funded the contract or project order that was terminated for default. The replacement project order shall be awarded on the same basis and be similar substantially to the original project order in its scope and size. The replacement project order must not extend beyond the point in time in

which the ordering appropriation will be canceled (generally, five years after the appropriation expires for new obligation).

020518. Project Order Financing. Project orders shall be fully financed by the ordering DoD Component from obligational authority current at the time the project order is issued and accepted. However, project orders issued for projects or programs financed by a research, development, test and evaluation appropriation may be prepared on an incrementally programmed basis. Research, development, test and evaluation appropriation projects or programs financed on an incrementally programmed basis are ones that are funded for the remainder of the funding appropriation's period of current availability or the current fiscal year vice a fully funded to completion basis.

020519. Direct-Cite Prohibition. Project orders shall be issued to a DoD-owned establishment for performance only on a reimbursable basis. They may not be made a subdivision of funds, similar to an allotment; nor may appropriations of the ordering DoD Component be cited by the performing DoD owned establishment when incurring and recording obligations incurred in performance of the order.

020520. Reimbursement of Costs Incurred in Performance of a Project Order. Reimbursement of costs incurred by a performing activity in fulfillment of a project order may be accomplished in the manner ordinarily used by that performing activity. The usual and accepted manner of accomplishing reimbursement is by citing the funds of the requesting activity as the funds charged on the SF 1081, "Voucher and Schedule of Withdrawals and Credits."

0206 CONDITIONS GOVERNING PERFORMANCE OF PROJECT ORDERS

020601. After acceptance, project orders shall be performed as expeditiously as possible according to the terms as accepted. (See subsection 020510 for additional information.)

020602. Performing DoD owned establishments shall be responsible for promptly advising ordering DoD Components concerning changes in delivery schedules.

020603. In the case of cost-reimbursement project orders, performing DoD Owned establishments shall give ordering DoD Components a summary of costs incurred to date and estimates of costs to complete the order only when specifically requested by the ordering DoD Component. The ordering DoD Component shall not request the submission of this cost information any more frequently than monthly. No special report forms are authorized for this purpose.

020604. Expiration dates of project orders may be extended with the approval of the ordering DoD Component. Expiration dates of project orders may not extend beyond the point in time in which the ordering appropriation will be canceled (generally, five years after the appropriation expires for new obligation).

0207 REIMBURSEMENTS TO PERFORMING DOD OWNED ESTABLISHMENTS

020701. Performing DoD Owned establishments shall be reimbursed for work covered by project orders upon the basis of costs incurred or on the basis of fixed prices.

020702. Fixed Price Project Orders. A fixed-price project order shall establish a firm price for purposes of reimbursement for the work or services ordered. This shall not preclude amendments to cover changes in scope of any item in the order. A fixed-price basis maybe used if all of the following conditions are present:

A. Work specifications are stable, specific and definite, and they are made part of the order (or incorporated by reference) for each item at the time the project order is accepted for performance on a fixed-price basis or amended for any changes in the scope of the work. This requirement is especially critical for project order accepting activities that are financed by a direct appropriation. An activity financed by a direct appropriation should not accept a fixed-price project order unless it can predict with a high degree of certainty the actual cost to complete the project order. Otherwise, the prohibition against inappropriately augmenting an appropriation and/or using an appropriation for a purpose not authorized could be violated.

B. When there is more than one item of work or service in a project order, including amendments for changes in scope, each item is made the subject of a separate price as shown by the order or in a list incorporated therein by reference. When the work to be performed is the subject of a work list (e.g., equipment overhaul), each entry on the work list shall be considered to be an item.

C. No substantial contingencies are included in the price, nor considered to be involved in performance, so that cost variations in performance can reasonably be expected to be minor.

D. There is a satisfactory system of cost estimating used as a basis for establishing fixed prices. When cost standards are used in cost estimating for the purpose of pricing, they shall be adjusted for this purpose to include expected cost variances.

E. The same elements of cost are used in cost estimating and establishing fixed prices as would be required for use if reimbursements were based upon actual cost incurrence.

020703. Cost-Reimbursement Project Orders. The amount stated in a cost-reimbursement project order shall be a sound estimate of the costs to be incurred in performance of the work or services ordered. Such estimates shall be determined upon the basis of the specific work to be performed. The estimate of costs shall be the ceiling amount for purposes of reimbursement for the work or services ordered.

A. The performing DoD Owned establishment and the ordering DoD Component shall effect timely renegotiations for revisions of the ceiling amount of cost-

reimbursement project orders. Such renegotiations should take place whenever cost performance indicates the need for adjustment of the ceiling amount upward or downward, but before cost of performance has exceeded 75 percent, when compared with the current ceiling amount. However, renegotiations need not be conducted when the probable cost of renegotiation is greater than the adjustment amount. In such cases the difference, upward or downward, should be absorbed by the performing establishment.

B. Cost-reimbursement project orders may be converted to a fixed-price basis, provided all of the conditions governing the use of fixed-price project orders are present (see subsection 020702). In addition, the conversion must be effected prior to incurring either 50 percent of the total cost of the work, or 50 percent of the period of performance, whichever comes first.

020704. Unfunded Costs. For purposes of this subsection, unfunded costs are costs that are not funded in the account or appropriation funding the performing activity. (Examples of unfunded costs are not universal. Some performing revolving fund accounts [primarily the working capital fund accounts] may fund costs that are unfunded by appropriated funds. Unfunded costs of an appropriated funded performing activity normally include labor of military personnel and depreciation of capital assets.) When an ordering DoD Component places an order on behalf of persons or agencies outside the U.S. Government (including reimbursable transactions pursuant to the Foreign Military Sales Act), the ordering DoD Component shall indicate this fact on the project order. In those instances, the amount of unfunded costs shall be included and identified in the items listed below.

- A. Project orders issued to performing activities;
- B. Billings made by the performing activity to the ordering activity;
- C. Reimbursements by the ordering activity to the performing activity; and
- D. Reimbursements obtained by the ordering activity from the non-federal customer.

020705. Reimbursable costs, in the case of performing DoD owned establishments operating under a working capital fund, shall be determined in accordance with Volume 11B of this Regulation.

020706. When the performing DoD owned establishment is not operating under a working capital fund, reimbursable agreements negotiated prior to placement of project orders costs shall be determined in accordance with policy established in chapter 1, "General Reimbursement Procedures And Supporting Documentation," of this volume.

020707. Reimbursable costs include the cost of machinery or equipment acquired specifically for the performance of a single project order, provided (a) such costs specifically are approved in advance by the ordering DoD Component, (b) the machinery or equipment could

legally be acquired directly by the ordering fund or appropriation, and (c) the approval is incorporated into the term of the project order agreement or amendments thereto. When this is the case, the approved costs shall be segregated from other costs and shown as a separate item in the reimbursable billing. Such machinery and equipment are the property of the ordering DoD Component and shall be disposed of in accordance with instructions from the ordering DoD Component.

020708. Costs incurred in the termination of project orders shall be reimbursable to the performing DoD Owned establishment when those orders are terminated by the ordering DoD Component, to the extent that such costs do not exceed the amount of the fixed price, or the current ceiling amount in the case of cost-reimbursement project orders. When ordering DoD Components and performing DoD Owned establishments cannot agree on the costs of termination, the case will be referred for settlement to the Under Secretary of Defense (Comptroller).

020709. To the extent feasible, performing DoD owned establishments shall bill ordering DoD Components for work performed upon the basis of jobs completed or services rendered in accordance with the terms of the project order. However, whenever a long period of time is required in the performance of a project order, periodic progress payments approximating costs incurred may be provided for in the order. Progress payments may be made to the performing DoD Owned establishment to cover the accrued cost (and other direct obligations incurred) of performance to the end of the fiscal year under an uncompleted project order. Reimbursement to a working capital fund activity for work performed prior to completion of the project order shall normally be accomplished on either a progress payment or a percentage-of-completion basis.

0208 ACCOUNTING FOR COST OF PERFORMANCE

020801. Project orders are reimbursable orders and shall be administered and accounted for as such. Project orders, therefore, shall neither be administered nor accounted for by performing DoD owned establishments as separate subdivisions of appropriations or funds similar to an allotment. The appropriation-type accounting for project orders shall be performed by the ordering DoD Component in a manner similar to that performed for contracts.

020802. The operations of performing DoD owned establishments financed under a working capital fund shall be accounted for in accordance with Volume 11B of this Regulation.

020803. Project orders received and accepted are the source of obligational authority, in the amount of the project order, for the performance of the work requested.

020804. A cost account or other device shall be used to accumulate the costs of performance for all project orders. Those cost accounts shall serve as a basis for determining the amount reimbursable for cost-reimbursement project orders and as a basis of determining a fixed price for similar future fixed-price project orders.

020805. Billings covering reimbursements shall identify costs by each item listed in the project order.

0209 EXEMPTIONS

Requests for exemptions, along with appropriate justification, shall be submitted to the Director for Accounting Policy, Office of the Deputy Chief Financial Officer, Under Secretary of Defense (Comptroller).

★ CHAPTER 3

★ ECONOMY ACT ORDERS★0301 GENERAL

★ 030101. Purpose. This chapter prescribes policies and procedures applicable to transactions where goods or services are procured from other federal agencies under the Economy Act, Title 31, United States Code (U.S.C.), sections 1535 and 1536. Transactions include interservice and intergovernmental support, where an activity needing supplies or services (requesting agency/customer) obtains them from another activity (servicing agency/performer). Within the Department of Defense (DoD), Economy Act orders typically are executed by issuance of a DD Form 448, "Military Interdepartmental Purchase Request (MIPR)."

★ 030102. Overview. The Economy Act provides authority for federal agencies to order goods and services from other federal agencies (including other Military Departments and Defense Agencies) and to pay the actual costs of those goods and services. The Congress passed the Act in 1932 to obtain economies of scale and eliminate overlapping activities of the federal government. Within the Department, an activity within a DoD Component may place an order with another activity within the same DoD Component, another DoD Component or with another federal agency for goods or services. References on the use of Economy Act orders include: DoD Instruction 4000.19, "Interservice and Intragovernmental Support" and the Federal Acquisition Regulation (FAR), subpart 17.5, "Interagency Acquisitions Under the Economy Act."

★ 030103. Legal Authority.

A. In accordance with 31 U.S.C., section 1535, the head of an agency or major organizational unit within an agency may place an order with a major organizational unit within the same agency or another agency for goods or services if:

1. Funds are available;
2. The head of the requesting agency or unit decides the order is in the best interest of the United States (U.S.) Government;
3. The agency or unit to be asked to fill the order is able to provide the ordered goods or services; and
4. The head of the agency decides that ordered goods or services cannot be provided as conveniently or economically by a commercial enterprise.

B. 31 U.S.C, section 1536 provides for the crediting of payments from purchases between executive agencies so as to be available to replace stocks on hand, unless:

1. another law authorizes the amount to be credited to some other appropriation, or
2. the head of the performing agency decides that replacement is not necessary, in which case, the amount received is deposited in the Treasury as miscellaneous receipts.

C. In accordance with Title 10, U.S.C., section 2205, reimbursements made to DoD appropriations under 31 U.S.C., sections 1535 and 1536 for services rendered or supplies furnished, may be credited to the the appropriation or fund of the activity performing the reimbursable work.

★ 030104. Limitations. Because of previous instances of abuse of Economy Act orders, limitations on the use of Economy Act orders have been imposed. Economy Act orders may not be used by an agency to circumvent conditions and limitations imposed on the use of funds, including extending the period of availability of the cited funds. Acquisitions under the Economy Act are subject to the requirements of FAR Subpart 7.3, "Contractor Versus Government Performance." The Economy Act may not be used to make acquisitions conflicting with any other agency's authority or responsibility (see FAR Subpart 17.502). An Economy Act order cannot be used by one organizational unit to order work or services from another organizational unit under the same activity commander where the activity commander is in a position to fund the required goods or services through the use of direct funds.

★0302 INITIATING AN ECONOMY ACT ORDER

★ 030201. An agency or unit head may initiate an Economy Act order provided that all the conditions specified in subparagraph 030103.A., above, are met.

★ 030202. Determinations and Findings Requirements.

A. In general, all Economy Act orders must be supported by a Determinations and Findings (D&F) that the use of interagency support capabilities is in the best interest of the government and that the required goods, supplies or services cannot be obtained as conveniently or economically by contracting directly with a private source.

B. Economy Act orders that require a contract action by a non-DoD servicing agency also will include a statement on the Determinations and Findings (D&F) that supplies and services provided comply with one or more of the following provisions:

1. The acquisition appropriately will be made under an existing contract of the servicing agency, entered into before placement of the order, to meet the requirements of the servicing agency for the same or similar goods, supplies or services;

2. The servicing agency has the capabilities or expertise to enter into a contract for such goods, supplies or services which are not available within the requesting agency; or

3. The servicing agency specifically is authorized by law or regulation to purchase such goods, supplies or services on behalf of other agencies.

030203. Interservice Support. DoD activities shall render requested support to other DoD activities when the head of the requesting activity determines that it would be in the best interest of the U.S. Government, and the head of the servicing activity determines that capabilities exist to render the support without jeopardizing assigned missions. These determinations are accomplished by signing a Support Agreement (blocks 8 and 9 on DD Form 1144, "Support Agreement"). No further written determinations generally are required for agreements between DoD activities.

★ 030204. Intragovernmental Support. DoD activities may enter into support agreements with non-DoD federal activities when the head of the major organizational unit ordering the support determines that funding is available to pay for the support, it is in the best interests of the United States Government, the supplying activity is able to provide the support, the support cannot be provided as conveniently or economically by a commercial enterprise, and it does not conflict with any other agency's authority. This authority may be delegated, although designees may not be lower than Senior Executive Service, Flag, or General Officer levels.

★0303 USES OF ECONOMY ACT ORDERS.

Subject to the provisions of Sections 0301 and 0302, above, and 0304, below, Economy Act orders may be used for any required goods, supplies or services that are appropriate and legal. Typical uses include, but are not limited to:

A. Interservice Support Agreements. This type of agreement typically is used for, but not limited to, base support (host-tenant) services such as: administrative services, civilian personnel services, community services, environmental compliance, fire protection, food service, health service, mail service, police service, security/guard services, warehousing, etc. Services such as testing and evaluation, and level of effort workyears may be covered by Economy Act orders.

B. Interagency Agreements. This includes support provided to non-DoD federal agencies that is not provided pursuant to other statutory authority.

★0304 POLICY

★ 030401. Specific, Definite and Certain. Economy Act orders (interservice and intragovernmental support agreements) shall be specific, definite and certain both as to the work encompassed by the order and the terms of the order itself.

★ 030402. Certification of Availability for Purpose. Economy Act orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. However, the performing entity may not be aware of all such appropriation limitations. Therefore, the requesting official should provide a certification, on or attached to the Economy Act order, that the funds cited on the Economy Act order are properly chargeable for the purposes cited in the order.

★ 030403. Bona Fide Need. Economy Act orders citing an annual or multiyear appropriation must serve a bona fide need arising, or existing, in the fiscal year (or years) for which the appropriation is available for obligation. Otherwise, a valid obligation is not accomplished. Bona fide need generally is a determination of the requesting activity and not that of the servicing activity. A servicing activity should, however, refuse to accept an Economy Act order if it is obvious that the order does not serve a need existing in the fiscal year for which the appropriation is available.

★ 030404. Appropriation Policy.

A. Obligation. An Economy Act order obligates the applicable appropriation of the requesting agency or unit upon acceptance of the order by the servicing agency. The entire amount of a reimbursable order should be obligated by the requesting agency when the order is accepted.

B. Deobligation. It is critical that activities reconcile the obligation status of Economy Act orders and deobligate unused funds, as needed, before the end of the funds availability. Funds must be deobligated by both the requesting and servicing agency to the extent that the servicing agency or unit filling the order has not, before the end of the period of availability of the appropriation of the requesting or ordering agency, (1) provided the goods or services, or (2) entered into an authorized contract with another entity to provide the requested goods or services.

★ 030405. Commencement of Work. The work to be performed under Economy Act orders shall be expected to begin within a reasonable time after its acceptance by the servicing DoD Component or organizational unit.

★ 030406. Contingent Event Prohibition. Economy Act orders shall not be issued if commencement of work is contingent upon the occurrence of a future event or authorizing action by the requesting DoD Component.

★ 030407. Prohibitions. Economy Act orders may not be used to contravene provisions of the law or to accomplish what regulations do not permit under commercial contracts. Economy Act orders may not be issued to extend the availability of appropriations.

★0305 ORDERING AND PAYMENT PROCEDURES

★ 030501. Ordering Procedures. An Economy Act order may be placed on any form that is acceptable to both the requesting and servicing agencies involved based upon the documentation standards in Chapter 1, paragraph 010204, of this Volume. Typically, between DoD Components, a DD Form 448, MIPR is used to place the order. A DD Form 448-1, "Acceptance of MIPR," is used to show acceptance. Economy Act orders may be placed on a reimbursable or direct fund citation basis. Whether the order is on a reimbursable or direct cite basis generally is negotiated between the two parties. An Economy Act order should include:

- A. A description of the supplies or services ordered;
- B. Delivery requirements;
- C. A funds citation (either direct or reimbursable);
- D. A payment provision which may include the citation of the account number associated with a DoD purchase card (acquired under the General Services Administration Smart Pay Program) or the United States of America Card (acquired from the Treasury Department); and
- E. Acquisition authority as may be appropriate.

★ 030502. Payment Procedures. Payment shall be made promptly upon the written request (or billing) of the agency or unit filling the order. Payment may be made in advance or upon delivery of the goods or services ordered and shall be for any part of the estimated or actual cost as determined by the agency or unit filling the order. A bill submitted or a request for payment is not subject to audit or certification in advance of payment. Proper adjustment of amounts paid in advance shall be made as agreed to by the heads of the agencies or units on the basis of the actual cost of goods or services provided.

★ 030503. Small Amounts.

★ A. Working capital funds, the Corps of Engineers Civil Works Revolving Fund, and other DoD revolving funds may not waive reimbursement of any amount. This does not preclude identification of a central payment office by a DoD Component to pay small bills.

★ B. When an appropriated fund activity is the performer and the amount to be billed within the same DoD Component or to another DoD Component is less than \$1,000, the billing may be suspended by the billing organization until the end of the fiscal year, or until the total billed exceeds \$1,000. However, no later than the end of the fiscal year, all suspended amounts must be billed even though the amount to be billed is less than \$1,000.

★ C. When the amount to be billed to a non-DoD U.S. Government activity is less than \$1,000, the billing may be suspended by the billing organization until the end of the fiscal year, or until the total billed exceeds \$1,000. However, no later than the end of the fiscal year, all suspended amounts must be billed to non-DoD U.S. Government activities even though the amount to be billed is less than \$1,000.

★0306 REIMBURSEMENTS

★ 030601. Appropriated Funds. The requesting agency must pay the servicing agency the actual costs of the goods or services provided. Actual costs include all direct costs attributable to providing the goods or services, regardless of whether the servicing agency's expenditures are increased. Actual costs also include indirect costs (overhead) to the extent they have a significant relationship to providing the goods or services and benefit the requesting agency. DoD activities not funded by working capital funds normally do not charge indirect costs to other DoD activities. When contracting out for goods or services, the servicing agency may not require payment of a fee or charge which exceeds the actual cost of entering into and administering the contract (reference FAR 17.505). Chapter 1, paragraph 010203, "General Rules for Determining Amounts to be Reimbursed," of this volume, specifies billing policies and procedures for Economy Act orders. Payment shall be made in accordance with paragraph 030502, above.

★ 030602. Working Capital Fund Activities. Reimbursable costs in the case of servicing DoD activities operating under a working capital fund shall be determined in accordance with Volume 11B of this Regulation.

★0307 ACCOUNTING

★ 030701. Economy Act orders may be issued as direct fund cite orders where the requesting unit identifies the appropriate fund citation for the servicing unit to place on the requested contract or reimbursable orders. Economy Act orders shall neither be administered nor accounted for by servicing DoD activities as separate subdivisions of appropriations or funds similar to an allotment. Appropriation-type accounting for Economy Act orders shall be performed by the requesting DoD Component in accordance with Volume 3, Chapter 15, "Receipt and Use of Budget Resources – Execution Level" of this Regulation.

★ 030702. The operations of servicing DoD activities financed under a working capital fund shall be accounted for in accordance with Volume 11B of this Regulation.

★ 030703. Economy Act orders received and accepted are the source of obligational authority in the amount of the order for the performance of the work requested.

★ 030704. A cost account, or other device, shall be used to accumulate the costs of performance for all Economy Act orders. Those cost accounts shall serve as a historical basis for determining the amount reimbursable for cost-reimbursement Economy Act orders and as a basis of determining a fixed price for similar future fixed-price Economy Act orders.

★ 030705. Billings covering reimbursements shall identify costs by each item listed in the Economy Act order. Such billings shall accommodate the use of a DoD (SmartPay) purchase card or the Treasury Department USA Card.

CHAPTER 4**USER CHARGES****0401 OVERVIEW**

040101. **Purpose.** This chapter implements the DoD program under Title 31, United States Code, section 9701 and Office of Management and Budget (OMB) Circular No. A-25, "User Charges," to establish appropriate charges for authorized services provided by DoD organizations.

040102. **Applicability.** None of the provisions in this chapter should be construed as providing authority for the sale or lease of property, or the rendering of special services. Actions to convey such special benefits must be authorized by separate authority. This user charge policy is applicable except when other statutes or directives specifically direct other practices or procedures.

0402 POLICY AND PROCEDURES

040201. **General.** It is DoD policy not to compete with available commercial facilities (see DoD Directive 4100.33, "Commercial Activities Program Procedure") in providing special services or in the sale or lease of property to private parties and agencies outside the Federal Government. However, when a service or sale is made that conveys special benefits to recipients, above and beyond those accruing to the public at large, a reasonable charge shall be made to each identifiable recipient, except as otherwise authorized by the Secretary of Defense. A special benefit will be considered to accrue, and a charge shall be imposed, when the service rendered:

A. Enables the recipient to obtain more immediate or substantial gain or values (which may or may not be measurable in monetary terms) than those which accrue to the general public; or

B. Is performed at the request of the recipient and is above and beyond the services regularly received by, or available without charge to, the general public.

040202. **Costing**

A. A charge shall be imposed to recover the full cost to the Federal Government of rendering a service or the fair market value of such service, whichever is higher. Fair market value shall be determined in accordance with commercial rates in the local geographical area. In the absence of a known market value, charges shall be made based on recovery of full costs to the Federal Government.

B. When federally owned resources or property are leased or sold, a fair market value shall be obtained. Fair market value shall be determined by the application of sound business management principles and, so far as practicable and feasible, in accordance with comparable commercial practices. Charges based on fair market value need not be limited to the recovery of costs; they may produce net revenues to the government.

040203. Exclusions and Exceptions

A. The provisions of this chapter do not apply when other statutes or directives require different practices or procedures, such as for:

1. Morale, welfare, and recreation services to military personnel and civilian employees of the Department of Defense and other services provided in accordance with enclosure 1.
2. Sale or disposal of surplus property under approved programs (see Chapter 5 of this volume).
3. Services furnished the general public relating to, or in furtherance of, the U.S. Armed Forces recruiting program.
4. Services furnished to representatives of the public information media in the interest of public understanding of the U.S. Armed Forces.
5. U.S. Armed Forces participation in public events. Charges for such participation are governed by the provisions of DoD Instruction 5410.19, "Armed Forces Community Relations."
6. Records made available to the public, under the Freedom of Information Act, pursuant to DoD Directive 5400.7, "DoD Freedom of Information Act Program." Charges for such record searches and copies of records are governed by Chapter VI of DoD Directive 5400.7. However, documents copied for the public not subject to DoD Directive 5400.7 (even though documents are copied in a FOIA reading room) or subparagraph B.3. are governed by this chapter.
7. Services furnished to non-Federal audio-visual media. Charges for such services are governed by the provisions of DoD Instruction 5410.15, "DoD Public Affairs Assistance to Non-Government, Non-Entertainment-Oriented Print and Electronic Media."
8. Government-developed computer programs released to non-Federal customers. Charges for software packages are governed by DoD Instruction 7930.2, "ADP Software Exchange and Release."
9. Pricing of performance by Department of Defense Working Capital Fund activities which shall be in accordance with Volume 11B of this Regulation.
10. Foreign Military Sales of defense articles and services which shall be in accordance with Volume 15 of this Regulation.

B. Charges may be waived or reduced when:

1. The recipient of the benefits is engaged in nonprofit activity designed for the public safety, health, or welfare.

2. Payment of the full fee by a state, local government, or nonprofit group would not be in the interest of the program.

3. Furnishing of the service without charge is an appropriate courtesy to a foreign country or international organization, or comparable fees are set on a reciprocal basis with a foreign country.

4. The incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.

0403 RESPONSIBILITIES

040301. Under Secretary of Defense (Comptroller) shall consider and make necessary additions or revisions to these provisions.

040302. Heads of DoD Components, or designees, shall:

- A. Identify each service or activity covered by this chapter.
- B. Determine the extent of the special benefit provided.
- C. Determine applicable cost and fair market value.
- D. Establish appropriate charges and collect from recipients of special services.
- E. Grant cost waivers or reductions consistent with guidance in this chapter.
- F. Recommend to the USD (Comptroller) necessary additions and revisions to this chapter.

0404 CHARGES AND FEES

040401. General

A. All charges and fees shall be based on total cost to the U.S. Government or fair market value, whichever is higher. Total cost shall be based on actual cost or replacement cost (when property is to be replaced) and accumulated expense data. Estimates from the best available records may be used if actual cost or expense data is not available.

B. Cost accounting systems shall not be established solely for the purpose of determining charges, but the results of existing cost accounting systems shall be used. Total cost shall include all direct and indirect costs in accordance with Volume 11B of this regulation.

C. Charges and fees established in advance of performance shall be based on the estimated cost of performance (including applicable depreciation), prorated over the period of performance. Projected amounts shall be reviewed annually or whenever significant changes in cost or value occur.

D. Management controls (see DoD Directive 5010.38, "Management Control (MC) Program") must be established to ensure that charges and fees are developed and adjusted, using current, accurate, and complete data, to provide reimbursement conforming to statutory requirements. These controls also must ensure compliance with cash management and debt collection policies in accordance with Volume 5 of this Regulation.

040402. Services

A. Basic Requirements. The maximum charge for a special service shall be governed by its total cost or fair market value, whichever is higher, and not by the value of the service to the recipient. The cost computation shall include the direct and indirect costs to the government of carrying out the activity. Typically, costs for service may include:

1. Civilian salaries or wages, including the full cost of benefits, such as leave, retirement, and medical and life insurance.
2. Military personnel services, including retirement, other personnel support, leave, and permanent change of station factors.
3. Materials, supplies, travel expenses, communications, utilities, equipment and property rental, and maintenance of property and equipment.
4. Depreciation expense and interest on investment (currently at a 10 percent annual rate) (see OMB Circular A-94, "Discount Rates to be Used in Evaluating Time-Distributed Costs and Benefits") for DoD-owned fixed assets.
5. Other operational, administrative, and accessorial costs incurred by the activity while establishing standards and regulations and research in support of the service performed.

B. Fees and Rates. Fees and rates shall be based on actual costs. The charges for services provided by data processing activities shall be determined by using the costs accumulated pursuant to requirements in OMB Circular A-121, "Cost Accounting, Cost Recovery and Interagency Sharing of Data Processing Facilities," and Federal Government

Accounting Pamphlet No. 4, "Guidelines for Accounting for Automatic Data Processing Costs." Fees and rates for recurring services shall be established in advance, when feasible. Recurring services include, but are not limited to, copying, certifying, and researching records, except when those services are excluded or exempted from charges under subparagraph 040203.B.3., above, or in accordance with "Benefits for Which No Charge Shall be Made" included as Appendix 1 to this chapter.

C. DoD-wide Fees and Rates. The "Schedule of Fees and Rates for Copying, Certifying, and Searching Records Rendered to the Public" included as Appendix 2 to this chapter mandates fees and rates for certain services for use throughout the Department of Defense. Recommendations for additions and revisions to the schedule will be made to the USD (Comptroller).

040403. Lease or Sale of Property. Charges for lease or sale of property shall be based on the following:

A. Leases of Military Equipment or Real Estate

1. In cases involving the lease or rental of military equipment, when there is no commercial counterpart, fair market value will be based on the computation of an annual rent which will be the sum of the annual depreciation plus interest on investment. The amount of interest on investment is determined by applying the interest rate to the net book value; that is, acquisition cost plus additions less depreciation. The current interest rate in OMB Circular A-94 shall be used. Support, if furnished, and applicable general administration expenses will be added to the reimbursable cost. In determining the value, consideration may be given to the responsibility of the lessee to assume the risk of loss or damage to the property and to hold the government harmless against claims or liabilities by the lessee or third parties.

2. In those cases involving real estate outgrants, the leasing activity shall recover the higher of the fair market value of the asset being leased or the administrative costs of issuing and processing an outgrant.

B. Sale of Property. When there is legal authority to sell property to the public, the selling price of the property and related accessorial and administrative costs shall be computed in accordance with chapter 1 of this volume.

0405 COLLECTIONS

040501. For Federal customers, collections of charges and fees shall be made in advance of rendering the service, except when preservation of life or property is involved, performance is authorized by law without advance payment, or advance payment is impractical because multiple requests for services are received on a continuing basis from a reliable requester (i.e., one who consistently pays promptly for services received). When an advance collection exception is approved, an accounts receivable will be established to control collections. For non-

Federal customers, collections of charges and fees will be made in advance in all cases. The policies in this volume, Volume 5 of this Regulation, and DoD Directive 5010.38 shall be used in accounting, controlling, and managing cash and debt collections.

A. Collections of fees and charges normally will be deposited to "Miscellaneous Receipts of the Treasury" unless otherwise authorized by law or regulation.

B. Collections for utilities and services in connection with the lease of property shall be deposited to the appropriation or fund responsible for financing the operations of the equipment or facility.

0406 LEGISLATIVE PROPOSALS

In cases where collections of fees and charges for services or property are limited or restricted by provisions of existing law, the DoD Component(s) concerned may submit appropriate remedial legislative proposals under applicable legislative procedures. Procedures may be obtained from the Legislative Reference Directorate, Office of the General Counsel, Room 3D282, The Pentagon, Washington, DC 20301-9600.

APPENDIX 1
BENEFITS FOR WHICH NO CHARGE SHALL BE MADE¹

1. Services² requested by members of the U.S. Armed Forces in their capacity as Service members.
2. Services requested by members of the U.S. Armed Forces who are in a casualty status, or requested by their next of kin or legal representative, or requested by any source, when it relates to a casualty.
3. The address of record of a member or former member of the U.S. Armed Forces when the address is readily available through a directory (locator) service, and when the address is requested by a member of the U.S. Armed Forces or by a relative or a legal representative of a member of the U.S. Armed Forces or when the address of record is requested by any source for the purpose of paying monies or forwarding property to a member or former member of the U.S. Armed Forces.
4. Services requested by or on behalf of a member or former member of the U.S. Armed Forces or, if deceased, his or her next of kin or legal representative that pertain to the following:
 - a. Information required to obtain financial benefits regardless of the terms of separation from the Service.
 - b. Document showing membership and military record in the Armed Forces if discharge or release was under honorable conditions, except as provided in subparagraphs 4.a. and 4.d.
 - c. Information relating to a decoration or award or required for memorialization purposes.
 - d. Review or change in type of discharge or correction of records.
 - e. Personal documents, such as birth certificates, when such documents are required to be furnished by the member.
5. Services that are furnished free in accordance with statutes or executive orders.
6. Information from or copies of medical and dental records or x-ray films of patients or former patients of military medical or dental facilities, when such information is required and requests for such data are (a) submitted by an accredited medical facility, physician, or dentist; or (b) requested by the patient, his or her next of kin, or legal representative.

7. Services involving confirmation of employment, disciplinary or other records, and salaries of active or separated civilian or military personnel, when requested by prospective employers or recognized sources of inquiry for credit or financial purposes.
8. Services requested by and furnished to a Member of Congress for official use.
9. Services requested by state, territorial, county, or municipal government, or an agency thereof, that is performing a function related to or furthering a DoD objective.
10. Services requested by a court, when such services will serve as a substitute for personal court appearance of a military or civilian employee of the Department of Defense.
11. Services requested by a nonprofit organization that is performing a function related to furthering an objective of the Federal Government or that is in the interest of public health and welfare, including education.
12. Services requested by an individual or corporation that is performing a function related to or furthering an objective of the Federal Government, when the cost of such services would be chargeable to a Federal Government contract or grant held by the individual or corporation.
13. Services requested by donors with respect to their gifts.
14. Requests for occasional and incidental services (including requests from residents of foreign countries), that are not requested often, when it is determined administratively that a fee would be inappropriate for the occasional and incidental services rendered.
15. Requests from Federal employees for the completion of claims for reimbursement under Public Law 86-382, Federal Employees Health Benefit Act of 1959.
16. Administrative services provided by reference or reading rooms to inspect public records, excluding copies of records or documents furnished.
17. Requests for military locator service by financial institutions that are located on DoD installations.
18. Requests for military locator service by financial institutions that are engaged in the direct deposit program and that are not located on DoD installations. Requests for an address of record shall include the following:
 - a. A statement that the financial institution is listed as a direct deposit recipient in the current Treasury Department "Financial Organizations Directory."
 - b. A statement that the individual, whose address is being requested, has his or her pay forwarded as a direct deposit by a DoD disbursing officer.

c. The individual's account number at the financial institution.

19. Services rendered in response to requests for classification review of DoD classified records, submitted under Executive Order 12065, "National Security Information," and implemented by DoD 5200.1-R, "Information Security Program Regulation." Such services consist of the work performed in conducting the classification review or in granting and completing an appeal from a denial of declassification following such review.

20. Services of a humanitarian nature performed in such emergency situations as life-saving transportation for non-U.S. Armed Forces patients, search and rescue operations, and airlift of personnel and supplies to a disaster site. This does not mean that inter-and intra-governmental agreements to recover all or part of costs should not be negotiated. Rather, it means the recipient or beneficiary will not be assessed a "user charge."

¹Unless otherwise prohibited by law or other DoD issuance.

²Services may include requests involving property or other resources of Department of Defense.

APPENDIX 2
SCHEDULE OF FEES AND RATES FOR COPYING, CERTIFYING AND SEARCHING
RECORDS RENDERED TO THE PUBLIC

This schedule applies to authorized services related to copying, certifying, and searching records rendered to the public by DoD Components, except when those services are excluded or excepted from charges under subparagraph 040203, or the "Benefits for Which No Charge Shall be Made" included as Appendix 1 to this chapter. Except as provided in special cases prescribed below, a minimum fee of \$3.50 will be levied for processing any chargeable case. Normally only one copy of any record or document will be provided.

Requests involving Fee

1. Training and Education (copies of documents required for other than official Purposes)

- | | | |
|----|----------------------|--------|
| a. | Transcripts | |
| | First copy | \$3.50 |
| | Each additional copy | .45 |

(includes requests for transcripts of graduation from military academies and schools)

- | | | |
|----|----------------------|--------|
| b. | Certificates | |
| | First copy | \$3.50 |
| | Each additional copy | .45 |

(includes all requests for certificates, verification of attendance, and course completion from service schools and other facilities.)

2. Medical and Dental Records of Patients and Former Patients (when requested for purposes other than further medical treatment. Covers request for information from or copies of medical records, including clinical records (inpatient records of military and non-military patients), health records (military out-patient records), outpatient records (non-military outpatient records), dental records, and loan of x-rays.

- | | | |
|----|---------------------------------------|---------|
| a. | Searching and processing (per hour) | \$13.25 |
| | Minimum charge | 8.30 |
| b. | Each typewritten page | 3.50 |
| c. | Office copy reproductions (per image) | .10 |
| d. | Copy or loan of each x-ray | 8.50 |

3. Military Membership and Record (Excluding Medical and Dental Records)

a.	Address of record, each	\$3.50
b.	Copies of releasable military personnel records (e.g., effectiveness reports for officers and enlisted personnel) reproduced for the personal use of active, retired, and former members, next of kin of missing-in-action or deceased members of the Armed Forces.	
	Minimum charge (up to six reproduced images)	\$3.50
	Each additional image	\$1.10
	Statement of verification of service or report of report of separation for individuals with other than honorable discharges	5.20

4. Photography

a. Still pictorial or documentary photographic prints. Unlisted standard sizes of prints may be furnished, if available, at prevailing contractor activity rates.

Price Per Print:

Quantity	<u>1-9</u>	<u>10-20</u>	<u>21-50</u>	<u>50+</u>
8" x 10" single weight (RC type) paper	\$4.50	\$3.25	\$2.50	\$1.75
11" x 14" single weight (RC type) paper	9.00	7.00	5.00	4.00
16" x 20" " " " "	19.00	15.00	12.00	9.50
20"x24" " " "	30.00	25.00	20.00	15.00
8" x 10" " " color "	11.00	7.50	3.50	3.00
11" x 14" " " " "	17.00	9.00	6.50	5.50
16" x 20" " " "	35.00	25.00	14.00	11.50
35~ color transparency slide made from color negative	5.00	3.50	3.00	3.00
35mm duplicate from 35~ slide	1.00	.60	.50	.45
Print mounted on 16" x 20" cardboard	8.00	+ unit price of print		
Print mounted on 20" x 24" cardboard	12.00	+ unit price of print		
8" x 10" color transparencies	20.00	(first); 16.00 each add'l		
4" x 5" " "	4.50			
4" x 5" B&W negative	2.00			
70mm color negative	7.50			

NOTE: Prices may vary by 20% of these average charges based on local in-house labor, equipment, and supply (raw stock) costs.

b. Motion Picture

<u>Color</u> <u>Contact</u>	<u>Price Per Foot</u>
16mm work print (positive work print from an original negative)	\$.20
16mm reversal work print	.20
16mm color master ("A" roll)	.60
16mm duplicate negative (from master positive)	.60
16mm reversal duplicate negative	.85
16mm internegative (from reversal original)	.70
16mm short rolls (under 100 ft)	.10 + basic price
16mm tab-to-tab printing	.20 + basic price

Black and White

16mm work print (negative/positive)	\$.10
16mm master positive (fine grain)	.25
16mm duplicate negative	.25
16mm short rolls (under 200 ft)	.10 + basic price
16mm tab-to-tab printing	.10 + basic price

c. Miscellaneous

Magnetic tape - dub from 16mm film	\$ 65.00+ raw stock
Searching (per hour or fraction thereof)	18.00
Minimum charge per film order (including search)	35.00
16mm film to videotape (broadcast quality tape format per hour)	275.00 + raw stock
Minimum charge for film to videotape transfer	140.00 + raw stock

Aerial photographic print processing prices will be determined by the local DoD-operated lab due to limited availability.

35mm film processing for motion pictures is not done in-house by the DoD. Charges for this type of processing will be at prevailing contract rates on a case-by-case basis.

5. Construction and Engineering Information. Copies of aerial photograph maps, specifications, permits, charts, blueprints, and other technical engineering documents.

a. Searching, per hour or fraction thereof (including overhead costs)	\$13.25
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- | | | |
|----|--|------|
| b. | First print | 2.50 |
| c. | Each additional print of same document | .85 |

6. Copies of Medical Articles and Illustrations. Standards contained in this chapter will be utilized in computing costs.

7. Claims, Litigation. Copies of documents required for other than official purposes. (Includes court-martial records furnishing information from Report of Claims Investigations; e.g., automobile collision investigations and safety reports.) Requests pertaining to private litigation and to cases in which the United States is a party and where court rules provide for reproduction of records without cost to the government (if not covered in 2. or 3., above).

- | | | |
|----|--|---------|
| a. | Searching and processing (per hour) | \$13.25 |
| | Minimum charge | 8.30 |
| | Note: Charges for professional search or research will be made in accordance with 10. b., below. | |
| b. | Office copy reproduction (minimum for six pages or less) | 3.50 |
| c. | Each additional image | .10 |
| d. | Certification and validation with seal, each | 5.20 |

8. Publications and Forms. A search and/or processing fee, as described in 10.a., below, will be made for requests requiring extensive time (one hour or more).

- | | | |
|-----|---|--------|
| a. | Shelf Stock. (Requesters may be furnished more than one copy of publication or form if it does not deplete stock levels below projected planned usage.) | |
| (1) | Minimum fee per request (six pages or less) plus: | \$3.50 |
| | (a) Form, per copy | .10 |
| | (b) Publications, per printed page | .02 |
| | (c) Microfiche, per fiche | .10 |
| (2) | (Examples: Cost of 20 forms, 5.50; cost | |

of a publication with 100 pages, 5.50;
cost of microfiche publication consisting
of 10 fiches, 4.50)

- b. Office Copy Reproduction (when shelf stock is not available)
 - (1) Minimum fee per request (six pages or less) \$3.50
 - (2) Each additional page .10
 - (3) Minimum charge first fiche 8.70
 - (4) Each additional fiche .20

9. Engineering Data (Microfilm)

- a. Aperture Cards
 - (1) Silver duplicate negative, per card .75
When keypunched and verified,
per card .85
 - (2) Diazo duplicate negative, per card .65
When keypunched and verified,
per card .75
- b. 35mm roll film, per frame .50
- c. 16mm roll film, per frame .45
- d. Paper prints (engineering drawings), each 1.50
- e. Paper reprints of microfilm indices, each .10

10. General. Charges for any additional services not specifically provided above, consistent with the provisions of this chapter, will be made by the respective DoD Components at the following rates:

- a. Clerical search and processing, per hour \$13.25
Minimum charge 8.30
- b. Professional search or researching (To be established at actual hourly rate prior to search. A minimum charge will be

established at an hourly rates.)

c.	Minimum charge for office copy reproduction (up to six images)	3.50
d.	Each additional image	.10
e.	Each typewritten page	3.50
f.	Certification and validation with seal, each	5.20
g.	Hand-drawn plots and sketches, each hour or fraction thereof	12.00

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CHAPTER 5

DISPOSITION OF PROCEEDS FROM
DOD SALES OF SURPLUS PERSONAL PROPERTY

(TO BE PUBLISHED LATER)

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CHAPTER 6

CHIEF FINANCIAL OFFICER'S ANNUAL REIMBURSABLE RATES0601 GENERAL

The Department of Defense provides goods and services to meet military mission requirements. The Economy Act allows the Department to provide certain goods not only to DoD Components, but also to other government agencies and the private sector, under specified conditions. Reimbursable rates, published by the Under Secretary of Defense (Comptroller), DoD Chief Financial Officer, provide a basis for the Department and its Components to be reimbursed for such goods and services provided.

0602 PURPOSE

The purpose of this chapter is to provide guidance relative to the preparation of specific exhibits, and due dates for the submission of such exhibits, used to develop and support those reimbursable rates published by the DoD Chief Financial Officer.

0603 APPLICABILITY

This guidance applies to all DoD Components and goods or services encompassed by or subject to reimbursable rates approved by the DoD Chief Financial Officer.

0604 RESPONSIBILITY

060401. Chief Financial Officer. The Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer is responsible for reviewing, coordinating, and publishing reimbursable rates for the Department. Where feasible, applicable reimbursable rates will be published prior to the beginning of each new fiscal year, allowing sufficient lead time for the distribution of rates and the updating of billing systems.

060402. DoD Components. DoD Components are required to:

A. Maintain systems that use generally accepted cost accounting procedures to formulate proposed rates. Each such DoD Component is responsible for maintaining, in conjunction with the Defense Finance and Accounting Service, an appropriate cost accounting system enabling the accumulation of data needed to formulate reimbursable rates to be charged to consumers of such goods or services. Generally accepted cost accounting procedures will be the basis for such proposed rates.

B. Submit to the DoD Chief Financial Officer, reimbursable rate exhibits that propose reimbursable rates for the upcoming fiscal year. Such exhibits shall be prepared and submitted in accordance with the time frames specified in section 0605 and use the formats specified in the appendices to this chapter.

C. Bill using rates approved by the DoD Chief Financial Officer. Goods or services provided in an academic year or a fiscal year, as applicable, will be billed at the approved academic or fiscal year rate, respectively, effective with the beginning of the academic year, or October 1 of the fiscal year, as appropriate, irrespective of whether the rates have been established in the billing system.

D. Ensure that rates different from those approved by the DoD Chief Financial Officer are not issued or changed without the prior written approval of that official or the Deputy Chief Financial Officer.

0605 EXHIBITS

060501. The following reimbursable rate exhibits are to be submitted in support of the President's Budget submission each year. Detailed instructions are included with each exhibit and specific due dates are identified below:

<u>TYPE OF REIMBURSABLE RATE</u>	<u>APPENDIX</u>	<u>DUE DATE</u>	<u>SUBMITTING COMPONENT</u>
Academy Foreign Cadet	A	March 1	All Military Depts and OASD (Health Affairs)
Civilian/Military Equivalency, DoD Working Capital Funds	B	March 1	OUSD(C)
Civilian Personnel Fringe Benefit	C	March 1	OUSD(C)
Contract Administration Services	D	March 1	DLA, DCAA, All Military Depts
Fixed Wing Aircraft	E	March 1	All Military Depts
Food Service (Inc. Cadet Ration)	F	March 1	All Military Depts
Helicopter	G	March 1	All Military Depts
Medical and Dental Services	H	March 1	OASD(Health Affairs)
Military Composite Pay	I	March 1	All Military Depts
NASA	J	March 1	DLA, DCAA, All Military Depts
Telephone Class B Service	K	March 1	DISA

★ 060502. Exhibits should be submitted in both electronic format and hard copy to the DoD Deputy Chief Financial Officer, Attention: Director for Financial Commerce, Room 3E831, The Pentagon, Washington, DC 20301-1100. Spreadsheet and text files provided in electronic format should be compatible with Microsoft Excel 4.0 or better and Microsoft Word 1.x or later, respectively.

- (2) Include only Military Personnel and Operations and Maintenance Appropriation costs for the applicable Service Academy's Program Elements from the President's Budget Future Years Defense Program. Also provide a summary of the workyears for the officer and enlisted personnel associated with each Program Element.
- ★(3) Medical support costs are representative of Academy clinic/hospital costs attributable to the medical support provided to the Academies' military faculty, military staff and cadets/midshipmen. The Office of the Assistant Secretary of Defense (Health Affairs) shall provide a cost per capita for the CY and BY, by Academy to the Director for Financial Commerce, OUSD(C), ODCFO, Room 3E831, The Pentagon, 30 days after the submission of the President's Budget to the Congress. The costs shall include O&M and MILPERS Appropriation costs and be based on the President's Budget. The Medical Support Costs may be calculated by the DoD Component or left to be calculated by the Accounting Policy Directorate, OUSD(C). This amount will be calculated by multiplying the per capita cost provided by the OASD(HA) by the sum of (a) the cadet/midshipman workyears and (b) the workyears for officer and enlisted military from each of the Program Elements above.
- (4) This is the sum of Program Element costs and medical support costs.
- (5) Insert the Cadet/Midshipman workyears shown in the Military Personnel justification books submitted to the Congress in support of the President's Budget.
- (6) Divide the Total Costs (4) by Cadet/Midshipman Workyears (5).
- (7) This is the sum of 1/3 of the cost per cadet/midshipman for the CY and 2/3 of the cost per cadet/midshipman for the BY.

- (2) Include only Military Personnel and Operations and Maintenance Appropriation costs for the applicable Service Academy's Program Elements from the President's Budget Future Years Defense Program. Also provide a summary of the workyears for the officer and enlisted personnel associated with each Program Element.
- ★(3) Medical support costs are representative of Academy clinic/hospital costs attributable to the medical support provided to the Academies' military faculty, military staff and cadets/midshipmen. The Office of the Assistant Secretary of Defense (Health Affairs) shall provide a cost per capita for the CY and BY, by Academy to the Director for Financial Commerce, OUSD(C), ODCFO, Room 3E831, The Pentagon, 30 days after the submission of the President's Budget to the Congress. The costs shall include O&M and MILPERS Appropriation costs and be based on the President's Budget. The Medical Support Costs may be calculated by the DoD Component or left to be calculated by the Accounting Policy Directorate, OUSD(C). This amount will be calculated by multiplying the per capita cost provided by the OASD(HA) by the sum of (a) the cadet/midshipman workyears and (b) the workyears for officer and enlisted military from each of the Program Elements above.
- (4) This is the sum of Program Element costs and medical support costs.
- (5) Insert the Cadet/Midshipman workyears shown in the Military Personnel justification books submitted to the Congress in support of the President's Budget.
- (6) Divide the Total Costs (4) by Cadet/Midshipman Workyears (5).
- (7) This is the sum of 1/3 of the cost per cadet/midshipman for the CY and 2/3 of the cost per cadet/midshipman for the BY.

APPENDIX B
DEPARTMENT OF DEFENSE WORKING CAPITAL FUNDS
CIVILIAN/MILITARY EQUIVALENCY RATE

Fiscal Year _____

The cost of military personnel assigned to activities financed by Department of Defense Working Capital Funds is included in the total cost of operations of the Working Capital Fund activities at civilian equivalent rates. Military personnel assigned to the Department of Defense Working Capital Funds activities are to be costed at civilian equivalent rates using the rates in the table below, applied to the actual number and grade of military personnel assigned.

MILITARY GRADE	CIVILIAN GRADE EQUIVALENT	CIVILIAN EQUIVALENT RATE BY(s) 19____
0-9	ES-05/06	
0-8	ES-03/04	
0-7	ES-01/02	
0-6	GS-15	
0-5	GS-14	
0-4	GS-13	
0-3	GS-12	
0-2	GS-11	
0-1	GS-9	
WO-5	GS-12	
WO-4	GS-12	
WO-3	GS-11	
WO-2	GS-9	
WO-1	GS-9	
E-9	GS-8	
E-8	GS-7	
E-7	GS-6	
E-6	GS-5	
E-5	GS-5	
E-4	GS-4	
E-3	GS-3	
E-2	GS-2	
E-1	GS-1	

Stabilized customer rates and reimbursement to the Military Personnel accounts are not based on the above rates. Rather, such amounts are based on the absolute total dollar amount specified in the President's budget (rather than based on the number, or military composite rate, of individuals actually assigned). Guidance on paying (reimbursing), recording and reporting Working Capital Fund military personnel costs is contained in Chapter 62, Section B of Volume 11B, "Reimbursable Operations, Policy and Procedures--Defense Business Operations Fund," of this Regulation.

INSTRUCTIONS

The Department of Defense Working Capital Funds civilian/military equivalency rate will be calculated as follows:

1. Use the pay amount for Step 5 of each appropriate General Schedule (GS) civilian grade, or the applicable Senior Executive Service (SES) pay level, as applicable, from the current civilian pay schedules. (For the SES civilian grade equivalents, determine the average rate using the midpoint of the range of the two SES grades),

2. Add as required, the applicable portion (pro-rata) of the proposed pay raise, if any, for civilians (GS/SES) that was effective for the budget fiscal year, and

- ★ 3. Add the estimated civilian personnel fringe benefits rate for the GS and SES amounts. (The civilian personnel fringe benefit rate will be obtained from the Directorate for Financial Commerce, OUSD(C), ODCFO, Room 3E831, 1100 The Pentagon, Washington, DC 20301-1100.)

APPENDIX C

CIVILIAN FRINGE BENEFIT RATE COMPUTATIONDOD COMPONENT (1)

	<u>Prior</u> <u>Year (2,3)</u>	<u>Current</u> <u>Year (2,3)</u>	<u>Budget</u> <u>Year (2,3)</u>
A. <u>Object Class 12.1 Civilian</u> <u>Personnel Benefits (4)</u>			
B. <u>Object Class 11 Civilian</u> <u>Personnel Compensation (5)</u>			
11.1 Full-time Permanent			
11.3 Other Than Full-Time Permanent			
11.5 Other Personnel Compensation			
11.8 Special Personal Services Payments			
C. Total Personnel Compensation (Total of 11.1, 11.3, 11.5, 11.8) (6)			
D. Civilian Fringe Benefit (Interagency) Rate (7)			
E. Office of Personnel Management (OPM) Unfunded Retirement Factor (8)			
F. Public, and Private Activities (9)			

(See footnoted instructions on following page)

APPENDIX C**INSTRUCTIONS**

- (1) Insert the name of the applicable DoD Component submitting the exhibit. A separate exhibit is required from each Military Service (including the U.S. Marine Corps) and from all Defense Agencies.
- (2) Insert the applicable fiscal year.
- (3) Insert the applicable amounts for each fiscal year. A brief description should be provided to explain changes of 10 percent or more between (a) previously budgeted and actual amounts for the prior fiscal year, (b) previously budgeted and currently budgeted amounts for the current year, and (c) the currently budgeted amounts for the budget year.
- (4) Insert the applicable amounts shown in the current President's Budget for Object Class 12.1, Civilian Personnel Benefits.
- (5) Insert on the applicable lines, the applicable amounts shown in the current President's Budget for Object Class 11.1, 11.3, 11.5 and 11.8.
- (6) Enter the total of personnel compensation from Object Class 11.1, 11.3, 11.5 and 11.8, shown above.
- (7) Divide the amount reported in line A. by the amount reported in line C. The resultant percentage is the percentage rate to be applied to civilian labor costs for billings to other Federal Agencies. This is DoD's funded rate.
- (8) The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the Directorate for Financial Commerce, OUSD(C), ODCFO, Room 3E831, the Pentagon, Washington, DC 20301-1100.
- (9) Add lines D. and lines E. to determine the percentage to be applied on billings to the public and private activities.

APPENDIX D
CONTRACT ADMINISTRATION SERVICES

Contract administration services (CAS) hourly reimbursable billing rates should be applied to direct labor hours incurred in support of CAS efforts. These CAS rates are to be used in billing other Federal Agencies, the public, and Foreign Military Sales (FMS) customers. FMS customers are to be billed in accordance with subsections 070406 and 080601 of Volume 15, "Security Assistance Policy and Procedures," of this Regulation. Waivers and exclusions are to be granted in accordance with subsection 070104 of Volume 15.

<u>Performing DoD Component</u>	<u>Other Federal Agencies Rate</u> (1)	<u>FMS Rate</u> (2)	<u>Public Rate</u> (3)
Army			
Navy			
Air Force			
Defense Logistics Agency			
Defense Contract Audit Agency			

Notes:

- (1) Use the Budget Year "Gross Cost Per Direct Hour" amount from page 2.
- (2) Sum Budget Year lines C, E, and G from page 2 and multiply the resultant amount by .167 (obtained from OMB Circular No. A-76 Revised Supplemental Handbook, "Performance of Commercial Activities"). That product then is divided by the applicable total direct work-hours (line V from page 2) to derive an hourly unfunded civilian retirement cost. The resultant hourly unfunded civilian retirement cost is added to the "Other Federal Agencies Rate" (column 1) to yield the FMS rate.
- (3) Use the FMS Rate plus 4% for asset use charge. This is achieved by multiplying the FMS rate by 1.04.

APPENDIX D **REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES**

DoD COMPONENT _____

Gross Work-Year Cost

	Prior Year ⁽⁴⁾ (PY)	Current Year (CY)	Budget Year (BY)
A. Total Salaries of Direct Labor Personnel ⁽⁵⁾	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs) ⁽⁵⁾	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A)÷(B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel ⁽⁵⁾	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D)÷(B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel ⁽⁵⁾⁽⁶⁾	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits ⁽⁵⁾	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H)÷(B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____
K. Total Travel Costs ⁽⁶⁾⁽⁷⁾	\$ _____	\$ _____	\$ _____
L. Average Travel Costs per FTE [(K)÷(B)]	\$ _____	\$ _____	\$ _____
M. Other Support Costs ⁽⁶⁾⁽⁸⁾	\$ _____	\$ _____	\$ _____
N. Average Support Costs per FTE [(M)÷(B)]	\$ _____	\$ _____	\$ _____
O. Total Gross Work-Year Cost [(J) + (L) + (N)]	\$ _____	\$ _____	\$ _____
Direct Work-Hours			
P. Work-Hours Available	2087	2087	2087
Q. Less Holidays	80	80	80
R. Less Annual Leave ⁽⁶⁾	_____	_____	_____
S. Less Sick Leave ⁽⁶⁾	_____	_____	_____
T. Less Other Leave (e.g., Military, Jury and Administrative) ⁽⁶⁾	_____	_____	_____
U. Less Training Time ⁽⁶⁾	_____	_____	_____
V. Total Direct Work-Hours [(P) - (Q) - (R) - (S) - (T) - (U)]	_____	_____	_____
Gross Cost Per Direct Hour [(O)÷(V)]	\$ _____	\$ _____	\$ _____

APPENDIX D
REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

Notes:

- (4) The amounts reflected should be the "actual" cost and work-hour data for the most recently completed Fiscal Year. This should be the FY 19PY of the President's Budget.
- (5) The amounts reflected should be that shown in the "Total" column of the attached schedule, "Personnel Cost For Contract Administration Services" (page 4) for the applicable year, i.e., PY, CY, BY.
- (6) Separately, show basis of computation.
- (7) Includes all travel costs, i.e., local, temporary additional duty, and permanent change of station, of the civilian and military personnel included under items (A), (D) and (F).
- (8) Includes other expenses such as supplies, equipment, training and communications.

APPENDIX D **PERSONNEL COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES**

DoD COMPONENT _____

Gross Work-Year Cost For Prior Year (Actual) _____

	Civilian (a)	Military (b)	Total (a) + (b)
A. Total salaries of Direct Labor Personnel ⁽⁹⁾	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor personnel [(A)+(B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision and Administrative Personnel ⁽¹⁰⁾	\$ _____	\$ _____	\$ _____
E. Indirect Supervision and Administrative Salaries per FTE [(D)+(B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel ⁽¹¹⁾	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F)+(B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits ⁽¹²⁾	\$ _____	\$ _____	\$ _____
I. Personnel Benefits Costs per FTE [(H)+(B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (H)]	\$ _____	\$ _____	\$ _____

Gross Work-Year Cost For Current Year _____

A. Total salaries of Direct Labor Personnel ⁽⁹⁾	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor personnel [(A)+(B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision and Administrative Personnel ⁽¹⁰⁾	\$ _____	\$ _____	\$ _____
E. Indirect Supervision and Administrative Salaries per FTE [(D)+(B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel ⁽¹¹⁾	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F)+(B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits ⁽¹²⁾	\$ _____	\$ _____	\$ _____
I. Personnel Benefits Costs per FTE [(H)+(B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

APPENDIX D
PERSONNEL COST FOR CONTRACT ADMINISTRATION SERVICES

DoD COMPONENT _____

Gross Work-Year Cost For Budget Year _____

	Civilian (a)	Military (b)	Total (a) + (b)
A. Total salaries of Direct Labor Personnel ⁽⁹⁾	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor personnel [(A)÷(B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision and Administrative Personnel ⁽¹⁰⁾	\$ _____	\$ _____	\$ _____
E. Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel ⁽¹¹⁾	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits ⁽¹²⁾	\$ _____	\$ _____	\$ _____
I. Personnel Benefits Costs per FTE [(H)÷(B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

Notes:

(9) Include the salary expenses of direct civilian and military personnel, e.g., contract administrators.

a. Civilian. The cost of civilian personnel assigned full time to contract administration requirements should reflect the annual salary for the applicable pay grades. Otherwise, an hourly rate of 1/2087 of the annual rate shall be used and a leave and holiday factor of 18 percent of pay cost added.

APPENDIX D
PERSONNEL COST FOR CONTRACT ADMINISTRATION SERVICES

- b. Military. The cost of military personnel assigned full time to contract Administration requirements should be based on the annual Military Composite Pay rates. Otherwise, an hourly rate of 1/2080 of the annual Military Composite Pay rate shall be used and a leave and holiday factor of 14 percent of pay cost added.
- (10) Include the indirect salary expenses for civilian and military personnel that perform supervisory and administrative (clerical) functions. Such costs are computed as indicated in (9)a. and (9)b. above.
- (11) Include the salary expenses for civilian and military personnel at the district, regional and headquarters level. Such costs are computed as indicated in (9)a. and (9)b. above.
- (12) Include the fringe benefit expenses for all civilian and military personnel included in items (A), (D) and (F).
- a. Civilian. Fringe benefits are computed by multiplying civilian personnel costs by the civilian fringe benefit rate. The fringe benefit rate must be that reported for the applicable fiscal year on the OP-8 exhibit, "Civilian Personnel Costs."
- b. Military. Fringe benefits are computed by multiplying separately the officer and enlisted salaries by 6 percent for officers and 18 percent for enlisted personnel.

APPENDIX D
VARIANCES IN THE REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

DoD COMPONENT _____Gross Work-Year Cost

Average Salary of Direct Labor Personnel
Indirect Supervision & Administrative Salaries Per FTE
Regional, District and Headquarters Salaries Per FTE
Average Personnel Benefits Costs Per FTE

Total Cost of Personnel Services

Total Travel Costs

Other Support Costs

Total Gross Work-Year Cost

Direct Work-Hours

Annual Leave

Sick Leave

Other Leave (e.g., Military, Jury, Administrative)

Training Time

Total Direct Work-Hours

Gross Cost Per Direct Labor Hour

Provide narrative explaining variance in any element greater than three percent:

APPENDIX D
VARIANCES IN THE REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

Notes:

- (13) Computed using the cost and hour data from page 2. Divide the current year amount for each element by the prior year amount, subtract 1 and multiply by 100.
- (14) Computed using the cost and hour data from page 2. Divide the budget year amount for each element by the current year amount, subtract 1 and multiply by 100.

APPENDIX E

DEPARTMENT OF _____(1)
ACTUAL/PROPOSED HOURLY REIMBURSEMENT RATES FOR DOD-OWNED
AIRCRAFT (FIXED WING)

Type of Aircraft (2) _____

	<u>FY 19PY</u> (3)	<u>FY 19CY</u> (3)	<u>FY 19BY</u> (3)
<u>Hourly Costs</u>			
Fuel (4)	_____	_____	_____
DLR (5)	_____	_____	_____
Depot Maintenance (6)	_____	_____	_____
Other (7)	_____	_____	_____
Crew Salary (8)	_____	_____	_____
Asset Utilization (9)	_____	_____	_____
<u>Reimbursable Rates</u>			
DoD Rate (10)	_____	_____	_____
Other Federal Agency Rate (11)	_____	_____	_____
FMS Rate (12)	_____	_____	_____
Public Rate (13)	_____	_____	_____

NARRATIVE JUSTIFICATION (14)

APPENDIX E
INSTRUCTIONS

- (1) Insert Army, Navy or Air Force, as applicable.
- (2) Separately list and provide data for each type/model/series of aircraft (fixed wing) in the DoD Component's inventory which is subject to reimbursement.
- (3) Insert the applicable fiscal (budget) year.
- (4) Fuel costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force) for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, fuel costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total cost of fuel for the fiscal year for each type of aircraft by the total number of flying hours for that same aircraft.)
- (5) Depot-level reparable (DLR) costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force) for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, DLR costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total DLR costs for the applicable fiscal year by the total number of flying hours for that same aircraft.)
- (6) Include an hourly rate for depot maintenance cost for airframes, engines, and components for the applicable type/model/series. This cost will be an average cost for that type/model/series, and be computed by dividing the total amount of depot maintenance budgeted for the applicable type/model/series by the number of flying hours budgeted for that type/model/series.
- (7) Other costs will equal corresponding "other" amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force--for Air Force, this is equal to the General Support/Systems Support [GS+SS] column in Exhibit OP-20E). (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, other costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by adding all operating costs ((other than those costs included in columns 4 - 6 and 8 - 9)) and dividing the total of such other costs for the applicable fiscal year by the total number of flying hours.)
- (8) Crew salary amounts will be computed based on the number and grade of military personnel operating the aircraft. Crew salary costs will be computed by:

- (a) Multiplying the standard number of crew members in each applicable military grade times the annual Military Standard Composite Rate for that grade (see Appendix 6-I of this chapter).
- (b) Dividing the result of (a) by 2080 (hours) to convert the annual rate to an hourly rate, by grade.
- (c) Multiplying the results of (b) by a factor of 120 percent for officers and 132 percent for enlisted personnel. (This calculation increases the hourly rate for fringe benefits for officers and enlisted personnel, respectively. These factors are composed of 14 percent for leave and holiday for both officers and enlisted, plus 6 percent for officers, and 18 percent for enlisted personnel, for other fringe benefits.)
- (d) Adding the amounts arrived at in (c) for each grade, to arrive at a total hourly rate for the entire crew.

Note: The computation of crew salary amounts should be supported by a separate table attached to this exhibit.

- (9) The asset utilization amount will be computed by applying an asset utilization factor of 4 percent times the sum of columns (4)--Fuel, (5)--DLRs, (6)--Depot Maintenance, (7)--Other and (8)--Crew Salary for each specific aircraft.
- (10) The DoD rate will be calculated by adding the sum of columns (4)--Fuel, (5)--DLRs, (6)--Depot Maintenance, and (7)--Other. This rate is to be used for interdepartmental (e.g., Navy to Air Force, etc.) billing purposes.
- (11) The Other Federal Agency Rate will be calculated by adding the sum of columns (4)--Fuel, (5)--DLRs, (6) Depot Maintenance, (7)--Other, and (8)--Crew Salary.
- ★(12) The FMS rate will be calculated by adding the sum of columns (4)--Fuel, (5)--DLRs, (6) Depot Maintenance, (7)--Other, (8)--Crew Salary, and an unfunded civilian retirement cost (The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the Directorate for Financial Commerce, OUSD(C), ODCFO, 3E831, the Pentagon, Washington, DC 20301-1100) for any civilian personnel costs included in (4), (5), (6), (7) or (8).
- ★(13) The Public Rate will be calculated by adding the sum of columns (4)--Fuel, (5)--DLRs, (6) Depot Maintenance, (7)--Other, (8)--Crew Salary, (9)--Asset Utilization and an unfunded civilian retirement cost (The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the Directorate for Financial Commerce, OUSD(C), ODCFO, 3E831, the Pentagon, Washington, DC 20301-1100) for any civilian personnel costs included in (4), (5), (6), (7) or (8).

- (14) A brief narrative will be provided to explain significant changes between fiscal years.

APPENDIX F

FOOD SERVICE

MILITARY SERVICE: (1) AREA: (2)

FY 19PY	FY 19CY	FY 19BY
(3)	(3)	(3)

Part 1: Food Service Operating Expense

A. Military Personnel and Related Compensation: (4)

1. End Strength	_____	_____	_____
2. Work Years	_____	_____	_____
3. Costs	_____	_____	_____

B. DoD Civilian Personnel Compensation: (5)

1. End Strength	_____	_____	_____
2. Work Years	_____	_____	_____
3. Costs	_____	_____	_____

C. Total DoD Personnel Compensation
(A.4.+B.4.) (6)

_____	_____	_____
-------	-------	-------

D. Food Service Attendant Contracts (7)

_____	_____
-------	-------

E. Supplies and Materials (8)

_____	_____	_____
-------	-------	-------

F. Full Food Service Contract Expenses: (9)

1. Personnel Compensation	_____	_____	_____
2. All Other Costs	_____	_____	_____

G. Total Food Service Costs(C.+D.+E.+F.)(10)

_____	_____	_____
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APPENDIX F

FOOD SERVICE (CONTINUED)

	FY <u>19PY</u> (3)	FY <u>19CY</u> (3)	FY <u>19BY</u> (3)
<u>Part 2: Other Data</u>			
A. Total Number of Food Service Facilities (11)	_____	_____	_____
B. Number of Meal-Days Fed (12)	_____	_____	_____
(Number of Meals Fed, by Type)			
Breakfast	_____	_____	_____
Brunch	_____	_____	_____
Lunch	_____	_____	_____
Dinner	_____	_____	_____
Supper	_____	_____	_____
Night Meal	_____	_____	_____
Holiday	_____	_____	_____
Snack	_____	_____	_____
C. Amount of Meal Collections: (13)	_____	_____	_____
1. Food Costs	_____	_____	_____
2. Operating Expenses	_____	_____	_____
D. Explanation of Changes Between Fiscal Years (14)			

Point-of-Contact: _____Organization: _____Telephone: _____

APPENDIX F

INSTRUCTIONS

General. The four Military Services each are required to prepare and submit two copies of this budget exhibit annually. The submission, containing previous fiscal year actual data, must be received no later than March 1 of each year.

★One copy should be forwarded to the Directorate for Financial Commerce, OUSD(C), ODCFO, Room 3E831, 1100 The Pentagon, Washington, DC 20301-1100. A second copy should be forwarded to the Directorate for Operations and Personnel, Office of the Under Secretary of Defense (Comptroller), Room 3D868, 1100 The Pentagon, Washington, DC 20301-1100.

Please include a point-of-contact, with organization and telephone number with each submission.

Notes:

- (1) Insert applicable Military Service--Army, Navy, Marine Corps or Air Force.
- (2) Identify applicable Area -- Separate reports must be submitted by each Military Service, and for each Military Academy. Reports for the Military Services should include amounts for medical facilities, and exclude amounts reported separately for the Military Academies. Additionally, the Department of the Navy shall submit separate exhibits for ashore, afloat, and a combined total of the ashore and afloat exhibits.
- (3) Indicate the applicable fiscal years, and include applicable amounts for each fiscal year. For example, for the March 1998 submission, the FY 19PY will be FY 1997; the FY 19CY will be FY 1998; and the FY 19BY will be FY 1999. The FY 19CY column calculations should be computed using 1st quarter actual data and estimates for the remainder of the fiscal year.

Part 1: Food Service Operating Expense

- (4) Show military personnel end strength (A.1.), work years (A.2.), and related personnel costs (A.3.). Military personnel costs should be determined by applying the Military Composite Pay Rate (see Chapter 6, Appendix I, of this Volume) to the work years shown for military personnel performing food service and related administrative services for appropriated fund dining facilities.
- (5) Show civilian personnel end strength (B.1.), work years (B.2.), and related personnel costs (B.3.). Civilian personnel costs should be determined by applying the direct civilian labor rate (calculated in accordance with Chapter 1 of this Volume), multiplied by the Civilian Benefit Fringe Benefit Rate (see Chapter 6, Appendix C, of this Volume), to the work years shown for civilian personnel performing food service and related administrative services for appropriated fund dining facilities.
- (6) Include total DoD personnel compensation costs -- this is the sum of lines A.3. and B.3.
- (7) Include the total cost of all food service attendant contracts.

APPENDIX F

- (8) Include the cost of all supplies and materials (excluding food items) and equipment expenses (equipment with a value of less than the expense/investment funding threshold used to determine if items are funded from operating expense (Operations and Maintenance), or investment expense (procurement) appropriations).
- (9) Include total expenses incurred for full food service contracts. If available, identify personnel compensation amounts separately from all other costs.
- (10) Include total food service costs -- this is the sum of C., D., E., and F.

Part 2: Other Data

- (11) Include the total number of food service facilities operated by the Service.
- (12) Meals served (counted) will be converted to an equivalent meal-days fed by multiplying the meals served by prescribed percentages in Chapter 19, Volume 12, of this Regulation. These meal conversion factors represent the estimated portion of the BDFA for each service member for each type of meal. Source data for meals served is also required.
- (13) Show the actual/estimated total amount of food service charges collected for meals served. Food costs and operating expense collections should be identified separately.
- (14) A brief description should be provided to explain significant changes between fiscal year amounts.

APPENDIX G

DEPARTMENT OF _____(1)
ACTUAL/PROPOSED HOURLY REIMBURSEMENT RATES FOR
DOD-OWNED HELICOPTERS

Type of Aircraft (2) _____

	<u>FY 19PY</u> (3)	<u>FY 19CY</u> (3)	<u>FY 19BY</u> (3)
<u>Hourly Costs</u>			
Fuel (4)	_____	_____	_____
DLR (5)	_____	_____	_____
Depot Maintenance (6)	_____	_____	_____
Other (7)	_____	_____	_____
Crew Salary (8)	_____	_____	_____
Asset Utilization (9)	_____	_____	_____
<u>Reimbursable Rates</u>			
DoD Rate (10)	_____	_____	_____
Other Federal Agency Rate (11)	_____	_____	_____
FMS Rate (12)	_____	_____	_____
Public Rate (13)	_____	_____	_____

NARRATIVE JUSTIFICATION (14)

APPENDIX G
INSTRUCTIONS

- (1) Insert Army, Navy or Air Force, as applicable.
- (2) Separately list and provide data for each type/model/series of helicopter in the Component's inventory which is subject to reimbursement.
- (3) Insert the applicable fiscal (budget) year.
- (4) Fuel costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force) for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of helicopter, fuel costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total cost of fuel for the fiscal year for each type of aircraft by the total number of flying hours for that same aircraft.)
- (5) Depot-level reparable (DLR) costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force) for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of helicopter, DLR costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total DLR costs for the applicable fiscal year by the total number of flying hours.)
- (6) Include an hourly rate for depot maintenance cost for airframes, engines, and components for the applicable type/model/series. This cost will be an average cost for that type/model/series, and be computed by dividing the total amount of depot maintenance budgeted for the applicable type/model/series by the number of flying hours budgeted for that type/model/series.
- (7) Other costs will equal corresponding "other" amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force--for Air Force, this is equal to the General Support/Systems Support [GS+SS] column in Exhibit OP-20E). (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of helicopter, other costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by adding all operating costs ((other than those costs included in columns 4 - 6 and 8 - 9)) and dividing the total of such other costs for the applicable fiscal year by the total number of flying hours.)
- (8) Crew salary amounts will be computed based on the number and grade of military personnel operating the helicopter. Crew salary costs will be computed by:

- (a) Multiplying the standard number of crew members in each applicable military grade times the annual Military Standard Composite Rate for that grade (see exhibit 14I).
- (b) Dividing the result of (a) by 2080 (hours) to convert the annual rate to an hourly rate, by grade.
- (c) Multiplying the results of (b) by a factor of 120 percent for officers and 132 percent for enlisted personnel. (This calculation increases the hourly rate for fringe benefits for officers and enlisted personnel, respectively. These factors are composed of 14 percent for leave and holiday for both officers and enlisted, plus 6 percent for officers, and 18 percent for enlisted personnel, for other fringe benefits.)
- (d) Adding the amounts arrived at in (c) for each grade, to arrive at a total hourly rate for the entire crew.

Note: The computation of crew salary amounts will be supported by a separate table attached to this exhibit.

- (9) The asset utilization amount will be computed by applying an asset utilization factor of 4 percent times the sum of columns (4)--Fuel, (5)--DLRs, (6)--Depot Maintenance, (7)--Other and (8)--Crew Salary for each specific helicopter.
- (10) The DoD rate will be calculated by adding the sum of columns (4)--Fuel, (5)--DLRs, (6)--Depot Maintenance, and (7)--Other. This rate is to be used for interdepartmental (e.g., Navy to Air Force, etc.) billing purposes.
- (11) The Other Federal Agency Rate will be calculated by adding the sum of columns (4)--Fuel, (5)--DLRs, (6) Depot Maintenance, (7)--Other, and (8)--Crew Salary.
- ★(12) The FMS rate will be calculated by adding the sum of columns (4)--Fuel, (5)--DLRs, (6) Depot Maintenance, (7)--Other, (8)--Crew Salary, and an unfunded civilian retirement cost (The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the Directorate for Financial Commerce, OUSD(C), ODCFO, Room 3E831, the Pentagon, Washington, DC 20301-1100) for any civilian personnel costs included in (4), (5), (6), (7) or (8).
- ★(13) The Public Rate will be calculated by adding the sum of columns (4)--Fuel, (5)--DLRs, (6) Depot Maintenance, (7)--Other, (8)--Crew Salary, (9)--Asset Utilization and an unfunded civilian retirement cost (The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the Directorate for Financial Commerce, OUSD(C), ODCFO, Room 3E831, the Pentagon, Washington, DC 20301-1100) for any civilian personnel costs included in (4), (5), (6), (7) or (8).

- (14) A brief narrative will be provided to explain significant changes between fiscal years.

APPENDIX HMEDICAL AND DENTAL SERVICES RATE COMPUTATIONSUBMITTED BY THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
(HEALTH AFFAIRS)

Note: Budget exhibit includes Sections I, II, and III for IMET, Interagency and Other. This exhibit is to be included only in the President's budget. The format of the budget exhibit for medical and dental rates may vary slightly from year to year due to the addition/deletion of rates, changes in nomenclature, updated notes and other unforeseen reasons.

INPATIENT, OUTPATIENT AND OTHER RATES AND CHARGESA. INPATIENT RATES 1/ 2/

<u>Per Inpatient Day</u>	<u>Prior FY</u>	<u>Current FY</u>	<u>Budget FY</u>
1. <u>Burn Center</u>	\$_____	\$_____	\$_____
2. <u>Surgical Care Services</u> (Cosmetic Surgery)	\$_____	\$_____	\$_____
3. <u>All Other Inpatient Services</u> (Based on Diagnosis Related Groups (DRG) Charges 3/)			

FY 1996 DIRECT CARE INPATIENT REIMBURSEMENT RATESADJUSTED
STANDARD
AMOUNT

	<u>Prior FY</u>	<u>Current FY</u>	<u>Budget FY</u>
Large Urban	\$_____	\$_____	\$_____
Other Urban/ Rural	\$_____	\$_____	\$_____
Overseas	\$_____	\$_____	\$_____

B. OUTPATIENT RATES 1/ 2/

<u>Meprs Code 4/</u>	<u>Per Visit Clinical Services</u>	<u>Prior FY</u>	<u>Current FY</u>	<u>Budget FY</u>
	1. <u>Medical Care</u>			
BAA	Internal Medicine			
BAB	Allergy			
BAC	Cardiology			
BAE	Diabetes			
BAF	Endocrinology			
BAG	Gastroenterology			
BAH	Hematology			
BAI	Hypertension			
BAJ	Nephrology			
BAK	Neurology			
BAL	Nutrition			
BAM	Oncology			
BAN	Pulmonary Disease			
BAO	Rheumatology			
BAP	Dermatology			
BAQ	Infectious Disease			
BAR	Physical Medicine			
	2. <u>Surgical Care</u>			
BBA	General Surgery			
BBB	Cardiovascular/Thoracic Surgery			
BBC	Neurosurgery			
BBD	Ophthalmology			
BBE	Organ Transplant			
BBF	Otolaryngology			
BBG	Plastic Surgery			
BBH	Proctology			
BBI	Urology			
BBJ	Pediatric Surgery			
	3. <u>Obstetrical and Gynecological (OB-GYN)</u>			
BCA	Family Planning			
BCB	Gynecology			
BCC	Obstetrics			

<u>Meprs Code 4/</u>	<u>Per Visit Clinical Services</u>	<u>Prior FY</u>	<u>Current FY</u>	<u>Budget FY</u>
	4. <u>Pediatric Care</u>			
BDA	Pediatric			
BDB	Adolescent			
BDC	Well Baby			
	5. <u>Orthopedic Care</u>			
BEA	Orthopedic			
BEB	Cast Clinic			
BEC	Hand Surgery			
BEE	Orthopedic Appliance			
BEF	Podiatry			
BEZ	Chiropractic Clinic			
	6. <u>Psychiatric and/or Mental Health Care</u>			
BFA	Psychiatry			
BFB	Psychology			
BFC	Child Guidance			
BFD	Mental Health			
BFE	Social Work			
BFF	Substance Abuse Rehabilitation			
	7. <u>Primary Medical Care</u>			
BGA	Family Practice			
BHA	Primary Care			
BHB	Medical Examination			
BHC	Optometry			
BHD	Audiology Clinic			
BHE	Speech Pathology			
BHF	Community Health			
BHG	Occupational Health			
BHI	Immediate Care Clinic			
	8. <u>Emergency Medical Care</u>			
BIA	Emergency Care Clinic			

<u>Meprs Code 4/</u>	<u>Per Visit Clinical Services</u>	<u>Prior FY</u>	<u>Current FY</u>	<u>Budget FY</u>
	9. <u>Flight Medicine Clinic</u>			
BJA	Flight Medicine			
	10. <u>Underseas Medicine Care</u>			
BJA	Underseas Medicine Clinic			
	11. <u>Rehabilitative Services</u>			
BLA	Physical Therapy			
BLB	Occupational Therapy			
BLC	Neuromuscularskeletal screening			
	12. <u>Same Day Surgery</u>			

C. OTHER RATES AND CHARGES

<u>MEPRS</u> <u>Code 4/</u>	<u>PER VISIT</u> <u>Clinical Service</u>	<u>Prior FY</u>	<u>Current FY</u>	<u>Budget FY</u>
	1. <u>Immunizations</u>	\$ _____	\$ _____	\$ _____
	2. <u>Hyperbaric Services</u>			
	1-60 minutes	\$ _____	\$ _____	\$ _____
	61-120 minutes	\$ _____	\$ _____	\$ _____
	121-180 minutes	\$ _____	\$ _____	\$ _____
	181-240 minutes	\$ _____	\$ _____	\$ _____
	Each Additional Hour	\$ _____	\$ _____	\$ _____

(Note: Charges may be prorated based on usage)

3. Family Member Rate \$ _____

(formerly Military Dependents Rate)

4. Third Party Drug Reimbursement Rates 5/

Include the third party drug reimbursement rates for prescriptions requested by external providers and obtained at the Military Treatment Facility as an attachment to the exhibit. Attachment should be entitled "Third Party Drug Reimbursement Rates."

5. High Cost Services Requested By External Providers 6/

Include the high cost services requested by external providers as an attachment to the exhibit. Attachment should be entitled "High Cost Services Requested By External Providers."

6. Elective Cosmetic Surgery Procedures and Rates Identify the charge (i.e., Surgical Care Services rate, Same Day Surgery rate, etc.) for the Cosmetic Surgery Procedures outlined below.

<u>COSMETIC SURGERY PROCEDURE</u>	<u>INTERNATIONAL CLASSIFICATION DISEASES (ICD-9)</u>	<u>CURRENT PROCEDURAL TERMINOLOGY (CPT) 7/</u>	<u>CHARGE 8/</u>
Mammaplasty	85.50	19325	_____
	85.32	19324	_____
	85.31	19318	_____
Mastopexy	85.60	19316	_____
Facial Rhytidectomy	86.82	15824	_____
	86.22		_____
Blepharoplasty	08.70	15820	_____
	08.44	15821	_____
		15822	_____
		15823	_____
Mentoplasty (Augmentation Reduction)	76.68	21208	_____
	76.67	21209	_____
Abdominoplasty	86.83	15831	_____
Lipectomy, suction per region 9/	86.83	15876	_____
		15877	_____
		15878	_____
		15879	_____
Rhinoplasty	21.87	30400	_____
	21.86	30410	_____
Scar revisions beyond CHAMPUS	86.84	1578_	_____
Mandibular or Maxillary Repositioning	76.41	21194	_____

<u>COSMETIC SURGERY PROCEDURE</u>	<u>INTERNATIONAL CLASSIFICATION DISEASES (ICD-9)</u>	<u>CURRENT PROCEDURAL TERMINOLOGY (CPT) 7/</u>	<u>CHARGE 8/</u>
Minor Skin Lesions 10/	86.30	1578_	_____
Dermabrasion	86.25	15780	_____
Hair Restoration	86.64	15775	_____
Removing Tattoos	86.25	15780	_____
Chemical Peel	86.24	15790	_____
Arm/Thigh Dermolipectomy	86.83	1583_	_____
Brow Lift	86.3	15839	_____

G. Dental Rate

<u>MEPRS Code 4/</u>	<u>PER VISIT Clinical Service</u>	<u>Prior FY</u>	<u>Current FY</u>	<u>Budget FY</u>
N/A	Dental Services	\$_____	\$_____	\$_____

Dental service charges are based on a Composite Time Value. Provider should calculate the charges based on the time value of the procedure times the CTV rate.

H. Ambulance Rate

<u>MEPRS Code 4/</u>	<u>PER VISIT Clinical Service</u>	<u>Prior FY</u>	<u>Current FY</u>	<u>Budget FY</u>
N/A	Ambulance Service	\$_____	\$_____	\$_____

Ambulance charges are based on hours of service. Provider should calculate the charges based on the number of hours (or fraction thereof) that the ambulance is logged out on a patient run.

NOTES ON REIMBURSABLE RATES:

1/ Percentages are applied to both inpatient and outpatient services provided when billing third party payers (e.g., insurance companies). Pursuant to the provisions of 10 U.S.C. 1095, the inpatient Diagnosis Related Groups are __ percent hospital and __ percent professional fee. The outpatient per visit percentages are __ percent hospital, __ percent ancillary and __ percent professional.

2/ DoD civilian employees located in overseas areas shall be rendered a bill when services are performed. Payment is due 60 days from the date of the bill.

3/ The cost of DRG (Diagnosis Related Groups) is based on the inpatient full reimbursement rate per hospital discharge, weighted to reflect the intensity of the principal diagnosis involved. The adjusted standardized amounts (ASA) per Relative Weighted Product (RWP) for use in the Direct Care System is comparable to procedures utilized by Health Care Financing Administration (HCFA) and the Civilian Health and Medical Program for the Uniformed Services (CHAMPUS). These expenses include all direct care expenses associated with direct patient care. The average cost per relative weight product for large urban, other urban/rural, and overseas are published as an inpatient standardized amount and include the cost of inpatient professional services. The DRG rates apply to reimbursement from all sources (including third party payers).

4/ The Medical Expense and Performance Reporting System (MEPRS) code is a three digit code which defines the summary account and the subaccount within a functional category in the DoD medical system. An example of this hierarchical arrangement is as follows:

	<u>MEPRS CODE</u>
Outpatient Care (Functional Category)	
Medical Care (Summary Account)	BA
Internal Medicine (Subaccount)	BAA

MEPRS codes are used to ensure that consistent expense and operating performance data is reported in the DoD military medical system.

5/ High cost prescription services requested by external providers (Physicians, Dentists, etc.) are only relevant to the Third Party Collection Program. Third party payers (such as insurance companies) are billed for high cost prescriptions in those instances in which dependents who have medical insurance, seen by providers external to a Military Medical Treatment Facility (MTF), obtain the prescribed medication from an MTF. Eligible beneficiaries (family members or retirees with medical insurance) are not personally liable for this cost and, subsequently, are not billed by the MTF. A third party payer may be billed if the total prescription costs in a day exceed \$____ when bundled together. The standard cost of high cost medications includes the cost of the drugs plus a dispensing fee, per prescription. The prescription cost is calculated by multiplying the number of units (tablets, capsules, etc.) times the unit cost and adding a \$____ dispensing fee per prescription.

6/ Charges for high cost services requested by external providers (physicians, dentists, etc.) are only relevant to the Third Party Collection Program. Third party payers (such as insurance companies) shall be billed for high cost services in those instances in which dependents who have medical insurance, seen by providers external to a Military Medical Treatment Facility (MTF), obtain the prescribed service from an MTF. Eligible beneficiaries (family members or retirees with medical insurance) are not personally liable for this cost and shall not be billed by the MTF. A third party payer may be billed if the total ancillary services costs in a day exceed \$ ____ when bundled together.

7/ The attending physician is to complete the Physicians' Current Procedural Terminology code to indicate the appropriate procedure followed during cosmetic surgery. The appropriate rate is applied depending on the admission type of the patient, e.g., outpatient surgical, same day/ ambulatory surgery, or surgical care services.

8/ Family members of active duty personnel, retirees and their family members, and survivors are charged cosmetic surgery rates. The patient is charged the rate as specified in the reimbursable rates for an episode of care. The patient is responsible for both the cost of the implant(s) in addition to the prescribed cosmetic surgery rates.

NOTE: The implants and procedures used for the augmentation mammoplasty are in compliance with Federal Drug Administration guidelines.

9/ Each regional lipectomy will carry a separate charge. Regions include head and neck, abdomen, flanks, and hips.

10/ These procedures are inclusive in the minor skin lesions. However, CHAMPUS separates them as noted here. All charges are for the entire treatment regardless of the number of visits required.

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APPENDIX I

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES
DEPARTMENT OF THE _____ FOR FISCAL YEAR _____

GRADE	BASIC PAY (1)	RETIRED PAY ACCUMULATED (2)	BASIC ALLOWANCE FOR QUARTERS/ YHA (3)	BASIC ALLOWANCE FOR SUBSISTENCE/SIK (4)	INCENTIVE AND SPECIAL PAYS (5)	PERMANENT CHANGE OF STATION (6)	MISCEL- LANEOUS EXPENSE (7)	ANNUAL DOD COMPOSITE RATE (8)	ACCELERATION FACTOR (9)	AMOUNT BILLABLE TO NON-DOD ENTITIES (10)
O-10										
O-9										
O-8										
O-7										
O-6										
O-5										
O-4										
O-3										
O-2										
O-1										
WO-5										
WO-4										
WO-3										
WO-2										
WO-1										
CADETS										
E-9										
E-8										
E-7										
E-6										
E-5										
E-4										
E-3										
E-2										
E-1										

APPENDIX I

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES

INSTRUCTIONS

Each Military Service must complete an Appendix I using the attached standard format. The heading to each appendix I consists of three lines. The first line identifies the appendix by number, the second line states "MILITARY COMPOSITE STANDARD PAY AND REIMBURSABLE RATES," and the third line identifies the Military Service that has developed the rates and the fiscal year that the rates will be used.

The Military Composite Standard Pay and Reimbursement Rates exhibit for the Budget Year should include the following cost elements that are listed for each column of the report. Amounts listed shall be equal to corresponding amounts contained in the applicable Military Service's justification book in support of their military personnel appropriation budget request included in the latest President's budget:

(Column 1) Basic Pay. Include the average basic pay amounts, by pay grade, as provided in the President's budget justification, Budget Subactivity (BSA) 1-A, Pay and Allowance of Officers, BSA 2-A, Pay and Allowances of Enlisted Personnel, and BSA 3-A, Pay and Allowances of Cadets and Midshipmen. The cadet and midshipmen rate is computed as a single rate for all cadets/midshipmen.

(Column 2) Retired Pay Accrual. Include average retired pay accrual amounts, by pay grade, as provided in the President's budget justification, BSA 1-B, Retired Pay Accrual for Officers and BSA 2-B, Retired Pay Accrual of Enlisted. The applicable retired pay accrual percentage is statutory and published annually.

(Column 3) Basic Allowance for Subsistence. Compute the basic allowance for subsistence rate separately, for officers and enlisted personnel, by pay grade, and for cadets and midshipmen, using amounts from the President's budget justification books. The officer rate is computed by dividing BSA 1-G, Basic Allowance for Subsistence for officers, by the officer average strength, by grade. The enlisted rate is computed by adding BSA 4-A, Basic Allowance for Subsistence for enlisted and BSA 4-B, Subsistence-in-Kind (SIK) for enlisted, and then dividing the total by the enlisted average strength, by grade. Compute a single rate for cadets and midshipmen.

(Column 4) Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA). Compute the BAQ/VHA rate separately, for officers and enlisted personnel, by pay grade, using amounts from the President's budget justification books. The officer rate is computed by adding amounts for BSA 1-E, BAQ for officers and BSA 1-F, VHA for officers, then dividing the sum by the average strength for officer personnel. The enlisted rate is computed by adding amounts in BSA 2-H, BAQ for enlisted and BSA 2-I, VHA for enlisted, then dividing the sum by the average strength for enlisted personnel.

(Column 5) Incentive and Special Pays. Compute the Incentive and Special Pay rate separately for officers and enlisted personnel, by pay grade, using amounts from the President's budget justification books. For each pay grade, add the incentive and special pay amounts and then divide the sum by the average end strength, separately for officers and enlisted personnel. The officer rate is computed by adding the amounts for BSA 1-C, Incentive Pay for Hazardous Duty for officers and BSA 1-D, Special Pay for officers, then dividing the sum by the average strength for officer personnel. The enlisted rate is computed by adding the amounts for BSA 2-C, Incentive Pay for Hazardous Duty for enlisted, BSA 2-D, Special Pay for enlisted, BSA 2-E, Special Duty Assignment Pay for enlisted, BSA 2-F, Reenlistment Bonus, and BSA 2-G, Enlistment Bonus, then dividing the sum by the average strength for enlisted personnel.

(Column 6) Permanent Change of Station (PCS) Expense. This element represents the average cost of amounts provided in the President's budget justification books for PCS travel, Budget Activity 5. Compute the average PCS by adding the following types of travel each for officers, enlisted personnel, and cadets, from the BSAs contained in the justification books: accession travel (BSA 5-A); training travel (BSA 5-B); operational travel between duty stations (within Conus and within overseas) (BSA 5-C); rotational travel to and from overseas (BSA 5-D); separation travel (BSA 5-E); and travel of organized units (BSA 5-F). The sum of BA-5 is divided by the average strength separately, for officer and enlisted personnel. Compute a single rate for cadets and midshipmen.

(Column 7) Miscellaneous Expense. This rate is the average computed separately, for officers and enlisted personnel, by pay grade, and for cadets and midshipmen, of amounts provided in the President's budget justification books for Budget Activity 6, Other Military Personnel Costs, and other amounts for miscellaneous allowances and payments for officers, enlisted, and cadets/midshipmen as contained in BSAs listed in the following matrix:

<u>Miscellaneous Expense</u>	<u>Officer</u>	<u>Enlisted</u>
Uniform Allowances	BSA 1-I	
Clothing Allowances		BSA 2-K
Station Allowances, Overseas	BSA 1-H	BSA 2-J
Family Separation Allowances	BSA 1-J	BSA 2-L
Separation Payments	BSA 1-K	BSA 2-M
Social Security Tax-Employer Contribution	BSA 1-L	BSA 2-N
Other Military Personnel Costs	BA 6	BA 6

The amounts in each of the above categories shall be divided by the number of personnel eligible or entitled to the allowance or entitlement. The result for all subcategories are then added to obtain the average miscellaneous expense rate by grade, separately for officer and enlisted personnel. The result then is divided by the overall average strength by officer and enlisted as shown in the budget justification materials. A single rate shall be used for cadets and midshipmen.

(Column 8) Annual DoD Composite Standard Rate. Enter the sum of columns (1) through (6).

(Column 9) Acceleration Factor. Equals Column 7 multiplied by an Other Personnel Support Costs factor of 6 percent for Officers and 18 percent for Enlisted Personnel.

(Column 10) Amount Billable to Non-DoD Entities. Add columns 7 and 8. Note: To compute a daily rate, multiply column 9 by a factor of .00439 (1.14/260). For an hourly rate, multiply column 9 by a factor of .00055 (1.14/2080).

APPENDIX J
REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES
FURNISHED TO THE NASA

DOD COMPONENT _____

Gross Work-Year Cost

	Prior Year ⁽¹⁾ (PY)	Current Year (CY)	Budget Year (BY)
A. Total Salaries of Direct Labor Personnel ⁽²⁾	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs) ⁽²⁾	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A)+(B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel ⁽²⁾	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D)+(B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel ^{(2) (3)}	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F)+(B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits ⁽²⁾	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H)+(B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____
K. Total Travel Costs ^{(3) (4)}	\$ _____	\$ _____	\$ _____
L. Average Travel Costs per FTE [(K)+(B)]	\$ _____	\$ _____	\$ _____
M. Other Support Costs ^{(3) (5)}	\$ _____	\$ _____	\$ _____
N. Average Support Costs per FTE [(M)+(B)]	\$ _____	\$ _____	\$ _____
O. Total Gross Work-Year Cost [(J) + (L) + (N)]	\$ _____	\$ _____	\$ _____

Direct Work-Hours

P. Work-Hours Available	2087	2087	2087
Q. Less Holidays	80	80	80
R. Less Annual Leave ⁽³⁾	_____	_____	_____
S. Less Sick Leave ⁽³⁾	_____	_____	_____
T. Less Other Leave (e.g., Military, Jury and Administrative) ⁽³⁾	_____	_____	_____
U. Less Training Time ⁽³⁾	_____	_____	_____
V. Total Direct Work-Hours [(P) - (Q) - (R) - (S) - (T) - (U)]	_____	_____	_____
Gross Cost Per Direct Hour [(O)+(V)]	\$ _____	\$ _____	\$ _____

APPENDIX J
REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES
FURNISHED TO THE NASA

Notes:

- (1) The amounts reflected should be the "actual" cost and work-hour data for the most recently completed fiscal year. This should be the FY 19PY of the President's budget.
- (2) The amounts reflected should be that shown in the "Total" column of the attached schedule, "Personnel Cost For Contract Administration and Related Support Services Furnished to the NASA" (pages 3 and 4) for the applicable year, i.e., PY, CY, BY.
- (3) Separately, show basis of computation.
- (4) Includes all travel costs, i.e., local, temporary additional duty, and permanent change of station, of the civilian and military personnel included under items (A), (D) and (F).
- (5) Includes other expenses such as supplies, equipment, training and communications.

APPENDIX J
PERSONNEL COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES
FURNISHED TO THE NASA

DOD COMPONENT _____

Gross Work-Year Cost For Prior Year (Actual)

	Civilian (a)	Military (b)	Total (a) + (b)
A. Total Salaries of Direct Labor Personnel ⁽⁶⁾	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A)÷(B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision and Administrative Personnel ⁽⁷⁾	\$ _____	\$ _____	\$ _____
E. Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel ⁽⁸⁾	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits ⁽⁹⁾	\$ _____	\$ _____	\$ _____
I. Personnel Benefits Costs per FTE [(H)÷(B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (H)]	\$ _____	\$ _____	\$ _____

Gross Work-Year Cost For Current Year

A. Total Salaries of Direct Labor Personnel ⁽⁶⁾	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A)÷(B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision and Administrative Personnel ⁽⁷⁾	\$ _____	\$ _____	\$ _____
E. Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel ⁽⁸⁾	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits ⁽⁹⁾	\$ _____	\$ _____	\$ _____
I. Personnel Benefits Costs per FTE [(H)÷(B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

APPENDIX J
PERSONNEL COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES
FURNISHED TO THE NASA

DOD COMPONENT _____

Gross Work-Year Cost For Budget Year _____

	Civilian (a)	Military (b)	Total (a) + (b)
A. Total Salaries of Direct Labor Personnel ⁽⁶⁾	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A)÷(B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision and Administrative Personnel ⁽⁷⁾	\$ _____	\$ _____	\$ _____
E. Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel ⁽⁸⁾	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits ⁽⁹⁾	\$ _____	\$ _____	\$ _____
I. Personnel Benefits Costs per FTE [(H)÷(B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

Notes:

- (6) Include the salary expenses of direct civilian and military personnel, e.g., contract administrators, and auditors.
- a. Civilian. The cost of civilian personnel assigned full time to NASA requirements should reflect the annual salary for the applicable pay grades. Otherwise, an hourly rate of 1/2087 of the annual rate shall be used and a leave and holiday factor of 18 percent of pay cost added.
- b. Military. The cost of military personnel assigned full time to NASA requirements should be based on the annual Military Composite Pay rates. Otherwise, an hourly rate of 1/2080 of the annual Military Composite Pay rate shall be used and a leave and holiday factor of 14 percent of pay cost added.

APPENDIX J
PERSONNEL COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES
FURNISHED TO THE NASA

Notes cont'd:

- (7) Include the indirect salary expenses for civilian and military personnel that perform supervisory and administrative (clerical) functions. Such costs are computed as indicated in (6)a. and (6)b. above.
- (8) Include the salary expenses for civilian and military personnel at the district, regional and headquarters level. Such costs are computed as indicated in (6)a. and (6)b. above.
- (9) Include the fringe benefit expenses for all civilian and military personnel included in items (A), (D) and (F).
 - a. Civilian. Fringe benefits are computed by multiplying civilian personnel costs by the civilian fringe benefit rate. The fringe benefit rate must be that reported for the applicable fiscal year on the OP-8 exhibit, "Civilian Personnel Costs."
 - b. Military. Fringe benefits are computed by multiplying separately the officer and enlisted salaries by 6 percent for officers and 18 percent for enlisted personnel.

APPENDIX J

**VARIANCES IN THE REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION
AND RELATED SUPPORT SERVICES FURNISHED TO THE NASA**

DOD COMPONENT _____

Gross Work-Year Cost

Average Salary of Direct Labor Personnel _____ %
 Indirect Supervision & Administrative Salaries Per FTE _____ %
 Regional, District and Headquarters Salaries Per FTE _____ %
 Average Personnel Benefits Costs Per FTE _____ %

Total Cost of Personnel Services _____ %

Total Travel Costs _____ %

Other Support Costs _____ %

Total Gross Work-Year Cost _____ %

Direct Work-Hours

Annual Leave _____ %

Sick Leave _____ %

Other Leave (e.g., Military, Jury, Administrative) _____ %

Training Time _____ %

Total Direct Work-Hours _____ %

Gross Cost Per Direct Labor Hour _____ %

Provide narrative explaining variance in any element greater than three percent:

APPENDIX J
VARIANCES IN THE REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION
AND RELATED SUPPORT SERVICES FURNISHED TO THE NASA

Notes:

- (10) Computed using the cost and hour data from page 2. Divide the current year amount for each element by the prior year amount, subtract 1 and multiply by 100.
- (11) Computed using the cost and hour data from page 2. Divide the budget year amount for each element by the current year amount, subtract 1 and multiply by 100.

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APPENDIX K
TELEPHONE (CLASS B UNOFFICIAL SERVICE)

GENERAL INFORMATION:

The telephone service provided by a DoD Component, when used for personal or unofficial purposes, is known as Class B telephone service. This includes telephone services provided by government-owned or government-leased facilities, or procured under contract, or implied agreement, with a commercial communications company.

The use of Class B telephone service is required to be charged to the user. Class B telephone rates are subdivided and identified as Class B-1 and Class B-2. The classes are defined below.

Class B-1: Installed in government-owned or government-leased quarters assigned or used for family or personal use in private or rental housing occupied by DoD personnel.

Class B-2: Installed at a military location for the use of activities such as public schools; Boy Scouts; Girl Scouts; American Red Cross; Nonappropriated Fund instrumentalities such as noncommissioned officers' and officers' messes; nurseries; thrift shops; exchange services; credit unions; commercial contractors; concessionaires; and other profit or non-profit organizations operating on behalf of the Department of Defense whether within, or in the immediate vicinity of, a DoD installation.

RATE EXHIBIT FORMAT

TELEPHONE (CLASS B UNOFFICIAL SERVICE)

SUBMITTED BY THE DEFENSE INFORMATION SYSTEMS AGENCY

Fiscal Year _____

Class B-1 Rate \$ _____

Class B-2 Rate \$ _____

DISA Point of Contact: _____

Point of Contact Telephone Number: _____

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CHAPTER 7

INTERNATIONAL NARCOTICS CONTROL PROGRAM0701 OVERVIEW

070101. Purpose. This chapter provides pricing guidance for International Narcotics Control Program (INCP) transactions and identifies procedures for disposition of proceeds from such transactions.

0702 SUPPORT OF THE INTERNATIONAL NARCOTICS CONTROL PROGRAM

070201. General. Section 632(c) of the "Foreign Assistance Act" (FAA) provides for special pricing requirements when services, including training, are provided by the Department of Defense to the Department of State in support of the INCP. Billing shall be within 30 calendar days after the month in which performance occurred. The payment due date shall not be more than 30 calendar days from the date of the invoice. Bills rendered shall not be subject to audit by the customer.

070202. Pricing. The following rules shall be followed by DoD Components when determining amounts to be collected as reimbursements for orders from the Department of State that cite INCP financing.

A. INCP Training. The tuition rate for DoD training provided to support INCP shall include the following cost elements:

1. Civilian Instructors and School Support Staff. It is anticipated that the additional cost charged to the INCP for civilian instructors shall be minimal for courses or groupings of courses when either the ratios of students to instructors or U.S. students to INCP students is high. Courses shall be reviewed to determine the additional cost incurred as a result of attendance by INCP students. Classroom or technical courses that are similar, or that utilize instructors who teach more than one course, may be grouped for computation purposes.

a. For groups of courses, an estimate shall be made of the number of U.S. students in each course and the number of civilian instructors and civilian staff required. A second projection shall be made of the total number of students to be enrolled in applicable courses, both U.S. and foreign, and the number of civilian instructors and civilian staff required. Both projections shall be based on the maximum number of students who can be taught by civilian instructors or civilian staff rather than on optimum class size. The difference in the number of civilian instructors and civilian staff between the two projections represents the additional civilian instructors and/or civilian staff required. Applicable additional civilian instructors and civilian staff then shall be priced in accordance with Chapter 1 of this volume. This value, divided by the total number of INCP students, represents the additional cost per INCP student for the course (or courses).

b. When there is a one-for-one or one-for-two relationship of civilian instructors to students, the instructor in all cases shall be considered additional. If the entire class is composed of INCP students, the instructor and staff always shall be considered additional.

2. Military Instructors and Military School Support Staff. There shall be no charges to the INCP program for military personnel conducting training courses.

3. Equipment Overhaul and Maintenance. The overhaul and maintenance of major items of equipment, when computed on an hourly use basis, shall be additional to a course based on estimated utilization hours.

4. Simulators. Simulator hours shall be charged as an additional cost. Simulator costs shall include pay of the operators, supplies and equipment maintenance. Simulator costs shall be allocated to the course in the same ratio as hours used bear to the total hours available.

5. Supplies, Materiel, Training Aids, Ammunition. Also, charge as additional cost the replacement cost of items that are not returned or reusable (including petroleum, oil and lubricants (POL)) expended in the conduct of training.

6. Lost or Damaged Equipment. If equipment was lost or damaged during training and it was found to be the result of a foreign student's negligence, the additional cost to be charged shall be the actual costs of the repairs or replacement cost of the equipment.

7. Base Support (That Is, Indirect Student Costs). A standard weekly rate shall be charged for INCP training conducted on DoD installations. The fixed weekly amount shall be the same as used for billing DoD appropriations that finance the International Military Education and Training (IMET) program. See paragraph 071206, Volume 15, of this Regulation for additional details.

8. Food Preparation. Meal operating/food preparation costs are additive to other food costs. The weekly meal operating and food preparation costs for INCP students shall be the same as that used in billing DoD appropriations that finance IMET training when courses are conducted on DoD installations and students use DoD appropriated dining facilities.

9. Instructor Training. The training of U.S. instructors or other personnel for special courses normally not conducted for U.S. personnel shall be considered additional costs. When the required training is conducted at a U.S. training facility, the INCP program (i.e., the Department of State) shall be charged the normal course cost. When the special course is conducted by a Management Service Team (MST) away from the normal training institution, the services of the MST will be treated as a dedicated service and full cost billed to the INCP program.

10. Facilities and Equipment. The costs of any facilities or equipment acquired primarily for the support of foreign students enrolled in the INCP program shall be considered additional costs.

11. Information Program. The full cost of the information program to the U.S. Government is an additional cost.

12. Shipment of Instructional Materials

a. The shipment of instructional materials to students shall be included in the INCP tuition rate. The shipping charge shall be the same as that used in billing DoD appropriations that finance IMET training. See paragraph 071105, Volume 15, of this Regulation for additional details.

b. Instructional material is to be packed and labeled at the training installation and shipped via the most expeditious means to the Security Assistance Organization (SAO) of the respective country for delivery to the trainee. A copy of the student's invitational travel order shall be placed inside the package.

c. The training installation shall ensure that no personal baggage or other unauthorized matter is shipped with instructional material.

13. Travel and Per Diem. Instructor and student travel and per diem associated with the provision of training shall be considered additional costs, to include transportation, living allowances, and medical expenses.

B. Other DoD Services

1. DoD Services Provided Incident to Normal Mission Accomplishment. When support of the INCP is accomplished incidental to performance of a DoD mission requirement, there are no additional costs incurred. However, if a mission was extended or the cost was otherwise increased, the cost over and above the scheduled mission cost shall be reimbursed.

2. Scheduled DoD Transportation. Air and ocean transportation services performed by the U.S. Transportation Command on scheduled movements shall be priced, where applicable, at current tariff rates for DoD Components.

3. Detailed Personnel. All costs incurred in connection with the detail of DoD personnel to the Department of State to support the INCP--both civilian and military--are considered additional expenses and, as such, shall be priced at the normal rate charged to other Federal agencies.

C. Supplies and Equipment. Section 482 of the FAA prohibits the procurement of weapons or ammunition from funds authorized for this program. Thus, any specific order for a weapon or ammunition that cites the appropriations provided to finance INCP either must be rejected or returned for a new fund citation. Supplies and equipment that can be provided shall be priced in accordance with Chapter 1 of this volume. Pricing policy for excess and non-excess material also is set forth in Chapter 1 of this volume.

070203. Disposition of Proceeds. Section 632(c) of the FAA provides that applicable collections from the Department of State shall be returned to the financing DoD appropriation account.

SUMMARY OF MAJOR CHANGES TO DoD 7000.14-R, Volume 11A, Chapter 8 International Acquisition and Cross-Servicing Agreements			
PAGE	PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
8-1	Title	Change title due to change in legislation.	Update
8-1	080202.A.	Revised accounts payable and receivable liquidation to every 3 months from every 30 days. Legislation requires liquidating the amounts not less than once every 12 months.	Change
8-2	080202.B.	Revised reference to provide for liquidation within 30 days for exchange transactions that have not been replaced within one year.	Correction
8-3	080205	Added statement on the control of the statutory ceilings.	Clarification
8-4	0803	Added accounting policy and procedures guidance.	Update
8-5	0804	Added reporting requirement that was formerly located in Chapter 8, Volume 6 of this Regulation and changed reporting date to comply with legislation.	Update
8-7	0805	Added the minimum essential information needed for transactions that were formerly located in Chapter 8, Volume 6 of this regulation.	Update
8-9	080601.B	Added reference to guidance for pricing this type of sale, i.e., reciprocal prices are in accordance with prices charged to another DoD Component. Also added example of charging for use of equipment.	Clarification
8-10 and 8-11	Figures 8-1 and 8-2	Changed format slightly and added identification of "country" and "description of services or articles."	Update

CHAPTER 8

INTERNATIONAL ACQUISITION AND CROSS-SERVICING AGREEMENTS0801 OVERVIEW

★ 080101. Purpose. This chapter provides procedures for carrying out reimbursable transactions under the authority of Subchapter I of Chapter 138, Title 10, United States Code. It provides pricing guidance for those transactions, and provides instructions for disposition of proceeds for such reimbursable transactions.

★ 080102. Overview. Subchapter I of Chapter 138, Title 10, United States Code, authorizes the use of support agreements for certain mutual logistics support between the United States and governments of other North Atlantic Treaty Organization (NATO) countries, NATO subsidiary bodies, other eligible foreign countries, the United Nations Organization, and any regional international organization of which the United States is a member. Section 2341 authorizes the procurement of logistics support, supplies, and services. Section 2342 authorizes cross-servicing agreements for the reciprocal provision of logistics support, supplies, and services. Section 2344, authorizes the acquisition or transfer of logistics support, supplies, and services on a reimbursable basis or by replacement in kind, or by exchange of equal value and establishes pricing principles for such transactions. The specific guidance on the use of these authorities is contained in DoD Directive 2010.9, "Mutual Logistics Support Between the United States and Governments of Eligible Countries and NATO Subsidiary Bodies." The Department of Defense may not use this authority to procure from any foreign government or international organization any goods or services reasonably available from U.S. commercial sources.

0802 POLICY AND PROCEDURES

080201. Liquidation of Credits and Liabilities. Compensation for the acquisition or transfer of supplies (materiel) and services shall be obtained through either of the following methods:

A. Reimbursement. Payment for supplies (materiel) and services in the currency of the supplying nation.

B. Exchange. Replacement of supplies (materiel) or services with supplies or services of equal value. Equal value is the actual or estimated price at the time of transaction approval. Equal value transactions shall be certified by the officials delegated such authority by the Secretaries of the Military Departments.

080202. Methods of Liquidation of Accrued Credits and Liabilities

★ A. Reimbursable Transactions. Agreements entered into by the U.S. Forces shall stipulate the liquidation of outstanding accounts receivable or accounts payable at least once every 3 months. Normally, it shall be agreed that bills shall be provided no less frequently than in January, April, July, and October. The January bill shall include performance that took place in the

months of October, November, and December; the April bill shall include performance for the months of January, February, and March; the July bill shall include performance for the months of April, May and June; and the October bill shall include performance for the months of July, August, and September. Bills shall be accompanied by the completed form used to document the issue and receipt of supplies and services (see paragraph 080210 of this Chapter) and shall be paid within 30 days from the date of the bill.

★ B. Exchange Transactions. Exchange transactions shall be settled through the issue or receipt, as applicable, of replacement supplies or services within 12 months of the original transaction. If not settled within this period, the exchange transaction shall be converted to a reimbursable transaction, and the resulting accounts receivable or accounts payable shall be liquidated within 30 days.

080203. Prohibitions.

A. Inventories of Supplies. Inventories of supplies for elements of the U.S. Forces may not be increased for the purpose of transferring supplies under the authority of Subchapter I of Chapter 138, Title 10, United States Code, and DoD Directive 2010.9.

B. Prohibitions on Transfers. DoD Components, in accordance with Subchapter I of Chapter 138, Title 10, United States Code, may not agree to or carry out: transfers in exchange for property whose acquisition by the Department of Defense is prohibited by law; transfers of source, byproduct, or special nuclear materials subject to the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.); or transfers of chemical munitions.

★ 080204. Obligation and Earned Reimbursement Limitations. The obligations and earned reimbursement limitations set forth below shall be applied without regard to offsetting balances; that is, only the original gross values of sales and purchases are to be considered for purposes of the limitations. These ceilings do not apply during periods of active hostilities involving the U.S. Forces and are controlled by the Joint Staff. These limitations likewise do not apply to exchange transactions unless converted into a reimbursable transaction due to nonreplacement. However, precautionary measures require that exchange transactions be considered for purposes of ensuring compliance with these limitations.

A. Obligation Limitations

★ 1. Acquisitions from NATO countries, NATO subsidiary bodies, or from the United Nations (UN) Organization or any regional international organization of which the United States is a member. The total amount that may be obligated by the Department of Defense for reimbursable transactions (purchases) with NATO countries, NATO subsidiary bodies, the UN Organization, or any regional international organization of which the United States is a member may not exceed \$200 million during any fiscal year. Of the \$200 million limitation, no more than \$50 million in obligations shall be incurred for the acquisition of supplies (materiel) other than petroleum, oil, and lubricants (POL).

★ 2. Acquisitions from Participating non-NATO countries. The total amount that may be obligated by the Department of Defense for reimbursable transactions (purchases) with participating non-NATO countries may not exceed \$60 million during any fiscal year. Of the \$60 million limitation, no more than \$20 million in obligations shall be incurred for the acquisition of supplies (materiel) other than petroleum, oil, and lubricants (POL).

B. Earned Reimbursement Limitation

★ 1. Transfers to NATO countries, NATO subsidiary bodies, or from the United Nations Organization or any regional international organization of which the United States is a member. The total amount of earned reimbursable credits (sales) to NATO countries, NATO subsidiary bodies, the UN Organization, or any regional international organization of which the United States is a member that the Department of Defense may accrue may not exceed \$150 million during any fiscal year.

★ 2. Transfers to Participating non-NATO countries. The total amount of earned reimbursable credits (sales) to participating non-NATO countries (with which the U.S. has an acquisition or cross-servicing agreement) that the Department of Defense may accrue may not exceed \$75 million during any fiscal year.

★ 080205. Requests for Authorization to Use Limitations. The limitations are controlled by the Joint Staff. Each organization that intends to enter into reimbursable purchases or sales under the authority of Subchapter I of Chapter 138, Title 10, United States Code, shall request authorization. Requests shall be accompanied by a justification, including a prioritization of requirements. The requests shall be submitted to the cognizant Combatant Command through the requesting organization's appropriate Component command. The authorizations do not increase the amount of obligational or apportioned anticipated reimbursable authority, but rather allow use of existing budget authority to enter into purchases or sales under the authority of Subchapter I of Chapter 138, Title 10, United States Code. Requests shall identify the categories of support as identified in Table 8-1.

CATEGORIES OF SUPPORT

<u>Category of Support</u>	<u>Requested Authorization</u>	
	<u>Obligations</u> <u>(Purchases)</u>	<u>Earned</u> <u>Reimbursements</u> <u>(Sales)</u>
POL	\$ _____	\$ _____
Other Materiel	_____	
Maintenance	_____	
Services	=====	
TOTAL	\$ _____	\$ _____

Table 8-1

080206. Waiver During Contingency or Non-Combat Operations. When U.S. Forces are involved in a contingency operation or non-combat operation (including an operation in support of the provision of humanitarian or foreign disaster assistance or in support of peacekeeping operations under Chapters VI or VII of the Charter of the United Nations), the restrictions in subsections 080204 and 080205 are waived for the purposes and duration of that operation.

080207. Issuance of the Authorization. The cognizant Combatant Command shall review and approve requests for authorization. If the total amount requested by all Component commands exceeds established limitations, the cognizant Combatant Command shall review the justifications and make appropriate reductions to requested amounts as needed. Each cognizant Combatant Command shall advise the Military Departments of authorizations distributed.

080208. Distribution of Authorization Received. Upon receipt of an authorization from a Combatant Command, Component commands shall authorize their activities to enter into reimbursable transactions under Subchapter I of Chapter 138, Title 10, United States Code. No activity or unit shall enter into such transactions unless they have been provided an authorization. Recipients of an authorization shall establish procedures to ensure that authorized dollar amounts are not exceeded.

★0803 ACCOUNTING FOR REIMBURSABLE LOGISTICAL SUPPORT, SUPPLIES, AND SERVICES

★ 080301. Military Department (Appropriation Holder) Procedures. The Assistant Secretary (Financial Management and Comptroller) of a Military Service will record specifically apportioned reimbursable program authority at the appropriation level as specified in the apportionment document received from the Office of Management and Budget (OMB). Specifically apportioned reimbursements are amounts earned and collected for property sold or services furnished under Subchapter I of Chapter 138, Title 10, United States Code. Within the Department, a reimbursement program must be authorized for the account by the USD(C) through the budget preparation process. Procedures for recording the authorization and tracking its use are contained in Volume 3, Chapters 13, 14 and 15 of this Regulation. The allocation document forwarded to a unified command clearly will differentiate between direct program authority and specifically apportioned reimbursable authority included in the funding document.

★ 080302. Unified Command (Allocation Holder) Accounting Procedures. Unified commands will ensure that controls are in place to track amounts of specifically apportioned reimbursable authority included in the funding documents (allotments) issued to installation commands and operating units.

★ 080303. Installation Command/Operating Unit (Allotment Holder) Procedures. Installation commands and operating units will record the receipt of an allotment containing specifically apportioned reimbursable authority for which reimbursable orders must be realized before the authority may be used. Procedures for recording the authorization and tracking its use are contained in Volume 3, Chapter 15 of this Regulation. An allotment of anticipated

reimbursable authority does not provide obligational authority. An allotment of anticipated reimbursable program authority provides only the authority to accept reimbursable orders. The accepted reimbursable order provides the obligational authority. In the case of country-to-country agreements, reimbursable orders are those documents or forms specified in the agreement or amendments thereto.

★0804 ACQUISITION AND CROSS-SERVICING REPORTS.

This section prescribes the annual report required by Title 10, United States Code, Sections 2341 through 2350, "Acquisition and Cross-Servicing Agreements." This report is designed to advise the Congress of the various DoD Components' performance in reimbursable and exchange transactions related to the purchase, sale or exchange of mutual logistics support, supplies, and services with a foreign entity. This report has been assigned Report Control Number, Acct Rpt(A)1570 for both reimbursable and exchange transactions. These transactions are to be reported as either "reimbursable purchases and sales" or "reimbursable purchases and sales - exchanges."

080401. Applicability and Scope

A. The reporting requirements apply to the Office of the Secretary of Defense (OSD); Military Departments; the Chairman of the Joint Chiefs of Staff; the Combatant Commands; and the Defense Agencies (DoD Components).

B. Amounts reported as reimbursable or exchange transactions are to be supported by country-to country or multinational agreements for mutual logistics support between the United States and the Governments of other NATO countries, NATO subsidiary bodies, the United Nations Organization, any regional international organization of which the United States is a member, and other eligible foreign countries.

080402. Report Format. The annual report shall be prepared in the format contained in figures 8-1 and 8-2.

080403. Frequency and Distribution. The annual reports shall be submitted as follows:

A. The Secretaries of the Military Departments or designees shall submit to the Director, Washington Headquarters Service (WHS), not later than December 1 of each year, the following:

1. A detailed report for each country-to-country or multinational agreement entered into under the authority of Title 10, United States Code, Sections 2341 through 2350, "Acquisition and Cross-Servicing Agreements," that was in effect during the prior fiscal year, itemized by reimbursable or exchange transactions.

2. A detailed report for each agreement expected to be effective in the current year, itemized by reimbursable or exchange transactions.

★ B. WHS shall consolidate the Military Department reports for the annual report to the Congress. The annual report is to be coordinated with the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics), Office of the Assistant Secretary of Defense (Legislative Affairs), and the OUSD(C). WHS is to submit the annual report, no later than January 15 of each year, to the Congress.

080404 Preparation Instructions. The information prescribed in the paragraph below is to be included in the annual report.

A. Agreement Identification. Each basic source document used to report a transaction should be cross-referenced to the applicable country-to-country or multinational agreement. The agreement subject, date, and number shall be identified.

B. Appropriation of Fund Account Symbol. Each DoD appropriation is assigned an appropriation code by the Treasury Department. The appropriation code should be reflected in each basic source document.

C. Transaction Types. The following types of reimbursable and/or exchange transactions are to be reported:

1. Purchase of petroleum, oil, and lubricants (POL) and services.
2. Purchase of supplies (material) other than POL.
3. Purchase when an exchange of POL and services is converted to a reimbursable transaction (purchase) due to nonissue of replacement of POL or services.
4. Purchases when an exchange of supplies (material), other than POL, is converted to a reimbursable transaction (purchase) due to nonissue of replacement material.
5. Sale of materials, POL, or services.
6. Sale when an exchange is converted to a reimbursable transaction (sale) due to nonreceipt of a replacement material, POL, or service.
7. Exchanges when a DoD activity requests the transfer subject to future replacement of material, POL, or services from a military component of a foreign country.
8. Exchanges when a military component of a foreign country requests the transfer subject to future replacement of material, POL, or services from a DoD activity.
9. Exchanges when a DoD activity receives replacement material, POL, or service.

10. Exchanges when a DoD activity issues replacement material, POL, or service.

★0805 OTHER REQUIREMENTS

080501. Forms used to document the issue or receipt of supplies and services under the authority of Subchapter I of Chapter 138, Title 10, United States Code, are subject to a bilateral or multinational agreement. For transactions with NATO, the form normally used is found in NATO Standardization Agreement (STANAG) 3381, "NATO Standard Procedures for Compensation and Form for Request and Receipt of Support in the Form of Supplies and Services." These forms shall meet the minimum information requirements set forth below.

A. Source Document Control Number. Establish a control number similar to a DoD requisition number; e.g., a number containing a code for Military Service, a code for requisitioner, a date, and a document serial number.

B. Unit of Issue. Unit of issue refers to the quantity of an item such as each, dozen, gallon, pound, ream, yard, etc.

C. Quantity. Show the number of units of issue that were issued or received, as applicable.

D. Description of Material/Services Requested. Identify the material /services requested.

E. Unit Price. Show the price, based on unit of issue in the currency of the billing country. (For the Department of Defense, this usually is when the item is dropped from inventory.)

F. Extended Dollar Value. Show the dollar value resulting from a combination of items 080501.B., C. and E. above.

G. Name and mailing address of the organization to be billed. This information may be obtained from the country-to-country or multinational agreement.

H. Name and mailing address of receiving organization. This information may be obtained in the country-to-country or multinational agreement.

I. Signature of receiver. Obtain and show the signature and title of authorized ordering or requisitioning representative.

J. Name and mailing address of issuing organization. This information may be obtained from the country-to-country or multinational agreement.

K. Date (year, month, day) (YYYYMMDD). Show the date services were performed or material delivered.

L. National Stock Number (NSN) of material or abbreviated description of services provided. Show the NSN. The NSN is a number assigned under the Federal Cataloging System and/or the North Atlantic Treaty Organization Codification of Equipment System to each approved item identification. This number provides a unique identification of an item of supply within a specified Federal supply classification.

M. Payee to be designated on remittance. Show the designated payee.

N. Designation and address of office to receive remittance. Show the office to receive payment.

O. Recipient's signature acknowledging service or supplies received on the Order or requisition or a separate supplementary document. Obtain and show the signature of the recipient of the material or services.

P. Transaction Type. Indicate whether the transaction is reimbursable or an exchange.

Q. Fund citation or certification of availability of funds when applicable under Parties' procedures. Show the funding source when advance payments are to be provided or if funding is not to be paid in advance, include a certification that funds are available.

R. Date and place of original transfer; in the case of an exchange transaction, a replacement schedule including time and place of replenishment transfer. Provide date and place or estimated date and place as appropriate.

S. Name, signature and title of authorized acceptance official of the order. Obtain and show the name, title, and signature of the authorized accepting official.

T. Additional special requirements, if any, such as transportation, packaging, etc. Show any additional needs of the receiving organization, if applicable.

U. Limitation of government liability. Show the maximum liability of the ordering/receiving organization.

V. Name, signature, date and title of supplying Party official who actually issues supplies or services. Obtain and show name, title, signature and date of the authorized issuing official.

080502. Any accounting station receiving an authorization to incur obligations or receive reimbursements pursuant to the authority of Subchapter I of Chapter 138, Title 10, United States Code, for an activity or unit for which it provides accounting and finance support shall capture or obtain data on the use of this authority and shall provide for the appropriate targets or limitations within the affected allotments. Similarly, receipt of the earned reimbursement authority requires the establishment of a customer order subsystem to capture

data on the use of such authority. Source documents pertaining to the authorized dollar amount and its use, such as obligations (DoD undelivered orders for materiel or services and accrued expenditures based on receipt of the materiel or services ordered), disbursements (liquidation of unpaid accrued expenditures), accounts payable (the unpaid portion of accrued expenditures), accounts receivable (earned reimbursements), and collections (receipt of payment to liquidate accounts receivable) shall be recorded promptly in the accounting station records. Accounting for reimbursable orders under these authorizations shall be maintained within the appropriate accounting records to assure crediting of remittances in accordance with paragraph 0807 of this chapter.

080503. Control over exchange transactions shall be established and maintained through use of an exchange transaction history file. Input to the history file shall be made by submission of each individual transaction form which shall include the minimum information prescribed in paragraph 080501 above.

0806 PRICING REIMBURSABLE TRANSACTIONS.

Subchapter I of Chapter 138, Title 10, United States Code, authorizes two methods for pricing reimbursable transactions. The method to be used depends on whether a reciprocal pricing agreement exists. Pricing procedures under each of the alternatives are set forth below.

080601 Reciprocal Pricing Principles. When a reciprocal pricing agreement has been signed by the United States and another participating country, pricing by the supplying country shall be in accordance with the following:

A. For new procurements, the price charged to a recipient country by the supplying country shall be no less favorable than that charged the armed forces of the supplying country by its contractors. The price charged shall allow for differentials due to delivery schedules, points of delivery, and other similar considerations.

★ B. For supplies from inventories of the supplying country, or for logistics support and government services, the supplying country shall charge the recipient country the same prices as it charges its own armed forces for identical supplies or services. When the Department of Defense is the supplier, the price charged shall be identical to rates charged by the DoD Components for cross-Service logistics support or services. Guidance on pricing such support or services is in Chapter 1, "General Reimbursement Procedures and Supporting Documentation," Volume 11A, of this Regulation. The DoD price to be charged is the price for type of sale "To Another DoD Component" as indicated in Chapter 1, Volume 11A of this Regulation. Where a price for a particular product or service does not otherwise exist, agreement on a price in advance of the transaction shall be reached. If, for example, the use of equipment is to be provided to a recipient country and the DoD Component does not charge rent to another DoD Component, the DoD Component will estimate the value of rent for use of DoD equipment by the recipient country using the guidance in Chapter 1, Volume 11A, of this Regulation.

080602. Nonreciprocal Pricing Principles. To the extent that a DoD Component cannot achieve mutual acceptance by another country of reciprocal pricing principles, or in the case of a NATO subsidiary body, the following procedures shall apply:

A. U.S. commanders delegated authority to negotiate agreements pursuant to section F, DoD Directive 2010.9, shall determine that the price for acquiring supplies or services is fair and reasonable. This determination shall be supported by a price analysis based on prior experience and supporting data and consider all applicable circumstances. If this determination cannot be made, no acquisitions shall take place.

B. Any transfer of supplies or services by U.S. Forces shall be subject to the pricing provisions of Volume 15 of this Regulation.

080603. NATO Subsidiary Bodies. The pricing principles set forth in paragraph 080602 above, also shall apply to agreements with NATO subsidiary bodies for the purchase or sale of supplies and services.

0807 DISPOSITION OF PROCEEDS.

Any payment for materiel or services provided by U.S. Forces and initially recorded as a sale transaction, shall be credited to the appropriation or fund currently available for the same purposes for which the expenditures were made, regardless of whether the payment is received in the fiscal year of sale or subsequent fiscal year. Payment for a transaction initially recorded as an exchange of materiel or services, but converted into a sale transaction due to nonreceipt of replacement material or services, shall be credited to the appropriation or fund currently available for the same purposes for which the expenditures were made, regardless of whether the payment is received in the fiscal year of sale or subsequent fiscal year.

TITLE 10 U.S.C. SUBCHAPTER I OF CHAPTER 138: REIMBURSABLE PURCHASES AND SALES Acct Rpt (A) 1570 FISCAL YEAR: _____ (Dollars in Thousands)			
DoD COMPONENT:		COUNTRY::	
AGREEMENT IDENTIFICATION: <u>1/</u>		APPLICABLE PRICING PROCEDURE: <u>2/</u>	
DESCRIPTION OF EACH SERVICE OR ARTICLE OF SUPPLY	APPROPRIATION OR FUND ACCOUNT <u>3/</u>	DOLLAR VALUE OF PURCHASES (ACQUISITIONS) <u>3/</u>	DOLLAR VALUE OF SALES (TRANSFERS) <u>4/</u>
DESCRIPTION: Describe in brief detail the essential elements of the applicable agreement, such as the identification of the operation.			

★Figure 8-1

NOTES:

- 1/ Subject of the agreement, date, and number is to be taken from the applicable agreement.
- 2/ Annotate either (a) "reciprocal" or (b) "nonreciprocal," depending upon terms of the agreement.
- 3/ Obligations and expenditures are to be included in the direct program portion of the applicable Acct Rpt (M) 1002, "Report On Appropriation Status By Fiscal Year Program Subaccounts."
- 4/ The value of customer orders and their status are to be included in the Non-Federal source portion of the applicable Acct Rpt (M) 725 "Report on Reimbursements." If payment is not received by the due date, Chapter 12, Volume 6, of this regulation shall be followed.

TITLE 10 U.S.C. SUBCHAPTER I OF CHAPTER 138: REIMBURSABLE PURCHASES AND SALES - EXCHANGES Acct Rpt (A) 1570 FISCAL YEAR: _____ (Dollars in Thousands)					
DoD COMPONENT: _____					
AGREEMENT IDENTIFICATION: <u>1/</u>			COUNTRY: _____		
A. RECEIPT DATA <u>2/</u> <u>3/</u>					
DESCRIPTION OF EACH SERVICE OR ARTICLE OF SUPPLY	APPROPRIATION OR FUND ACCOUNT	VALUE OF MATERIAL OWED AT BEGINNING OF FY	VALUE OF MATERIAL RECEIVED DURING FY	VALUE OF MATERIAL REPLACED DURING FY	VALUE OF MATERIAL OWED AT END OF FY
B. ISSUE DATA <u>2/</u> <u>3/</u>					
DESCRIPTION OF EACH SERVICE OR ARTICLE OF SUPPLY	APPROPRIATION OR FUND ACCOUNT	VALUE OF MATERIAL OWED AT BEGINNING OF FY	VALUE OF MATERIAL RECEIVED DURING FY	VALUE OF MATERIAL REPLACED DURING FY	VALUE OF MATERIAL OWED AT END OF FY
DESCRIPTION: Describe in brief detail the essential elements of the applicable agreement, such as the identification of the operation.					

★Figure 8-2

NOTES:

- 1/ Subject of the agreement, date, and number is to be taken from applicable agreement.
- 2/ The types of information to be included are addressed in paragraph 080404.C, of this chapter.
- 3/ When services that are difficult to cost, such as range target details, are exchanged within the same accounting period, the DoD activity providing or receiving the service may process transactions at an estimated dollar value.

CHAPTER 9

SUPPORT OF INTERNATIONAL MILITARY ACTIVITIES0901 OVERVIEW

090101. Purpose. This chapter:

A. Reissues guidance formerly contained in DoD Instruction 2010.1, "Support of International Military Activities." It establishes administrative arrangements, reimbursement and billing procedures, and identifies a method to compute the dollar value of credits due the United States for the support of international military activities.

B. Assigns responsibilities for the support of international organizations, and identifies reimbursable and nonreimbursable support.

C. Identifies the support that DoD Components can expect to receive from international military organizations and whether such support is on a reimbursable or nonreimbursable basis.

D. Establishes policies for financing the U.S. contributions to and the receipt of credits from the international military organizations in which the U.S. participates.

E. Establishes policies for paying U.S. personnel employed by international military organizations, and for verifying the credits received from the organizations for such personnel.

F. Does not apply to the provision of intelligence or cryptologic support provided under authorities other than those cited herein.

090102. Terms. The term, "Military Service," as used herein, refers to the Army, Navy, Air Force, and Marine Corps.

0902 GENERAL

090201. The Department of Defense provides nonreimbursable support to international military organizations in two forms: (a) through a financial contribution to the budget of the international organization, or (b) by assignment of U.S. military elements to the international organization under the terms of international treaties or agreements (see DoD Directive 5530.3, "International Agreements"). U.S. military elements may be assigned either on a long-or short-term basis.

A. Typically, short-term assignments would be for the purpose of participating in a joint exercise or maneuvers conducted under the auspices of the international organization.

B. Long-term assignments typically involve filling an existing billet on the staff of an international organization.

C. Support under paragraphs 090201.A. and B., above, are not reimbursable to the Department of Defense. As an exception to this policy, support by members of a U.S. military element who provide services that were included in the budget of the international organization (e.g., a U.S. military member who occupies an international civilian billet) shall be reimbursable (see section 0904, below).

090202. All other support provided to the international military organization and to military elements of participating foreign countries is reimbursable to the performing DoD Component, and must be provided under one of the authorities described in subsections 090402, 090403, or 090404 of this chapter.

090203. The U.S. military element of an international military organization shall be supported by the international organization and the administrative agent on a nonreimbursable basis. The administrative agent must ensure support provided to the U.S. military elements of an international organization is equal in scope and quality to all organizations which it supports at a comparable location. Other military units in the area, including units of the administrative agent, also may receive support from the international organization, but on a reimbursable basis. When those military units receive support, a support agreement shall be drawn up between the Military Department concerned and the international organization.

0903 RESPONSIBILITIES

090301. Under Secretary of Defense (Comptroller) USD(C). The USD(C) shall designate the administrative agent responsible for arranging support to U.S. military elements at an international military organization. Geographic proximity to existing support infrastructure and mission compatibility are the primary criteria used to assign administrative agent duties. Current designations are provided in enclosure 1 of this chapter. The Military Services shall request updates to this enclosure as needed to reflect changes in available support infrastructure within a geographic area.

090302. Secretaries of the Army and the Air Force

A. The Secretary of the Army shall program and budget the annual U.S. contributions to the various North Atlantic Treaty Organization (NATO) bodies in the Army Operations and Maintenance (O&M) appropriation, with one exception, as identified in paragraph 090302.B, below.

B. The Secretary of the Army also shall program and budget for the annual U.S. contributions to other recognized multinational headquarters, such as the Reaction Forces and the NATO sub-Principal Subordinate Commands (PSC) in which the United States participates.

C. The Secretary of the Air Force shall budget for the NATO Airborne Early Warning Program Management Agency (NAPMA).

090303. Administrative Agent. The administrative agent shall:

A. Budget for the U.S. contributions to designated non-NATO international military organizations. When the Army is not the administrative agent for a NATO body, or other multinational headquarters, the designated agent shall provide the Army with program and budget information on the annual contribution for inclusion in the Army's O&M appropriation. Budgeting for the NAPMA constitutes an exception to this policy.

B. Coordinate with appropriate U.S. representatives at the international military organizations to ensure that effective procedures and controls are prescribed for budgeting, obligating, disbursing, and receiving credits incident to administering the U.S. contributions.

C. Program and allocate resources in a manner that will provide the international organization with the highest possible level of support under section 0902. and subsections 090402, 090403, or 090404 of this chapter consistent with financial constraints that may be imposed through the normal program and budget process.

D. Support U.S. military elements attached to the designated international military organization on a nonreimbursable basis, unless the support is an international budget cost or is a budget responsibility of another Military Department (see subsection 090304). The standards and directives of the administrative agent shall govern the level and type of support furnished. The level and type of support will be consistent with the highest possible level of support allowable under this chapter while not violating those same governing standards and directives. Support requirements based upon input provided by the U.S. military element shall be included in the administrative agent's annual budget. In carrying out this support responsibility, the administrative agent shall obtain support from the most efficient and economical source while ensuring that no parallel support facility is established when the support may be performed economically by local sources (see DoD Directive 4000.19, "Interservice, Interdepartmental, and Interagency Support").

E. Provide U.S. military elements, which are Table of Organization and Equipment (TO&E) or equivalent units, with replacement issues of consumable and nonconsumable material, obtaining peculiar items when necessary from supply systems of the parent Military Service on a reimbursable basis.

F. Provide U.S. military elements, which are Table of Distribution (TD) or equivalent units, both with initial and replacement issues of consumable and nonconsumable material.

G. Establish table of allowances, unit allowance lists, base allowance lists, and other authorization documents for U.S. military elements attached to the international military organization.

H. Budget for the cost of civilian employees of the U.S. Government assigned to positions in international military organizations. These employees shall retain their status as U.S. employees and be paid from U.S. funds at the appropriate U.S. scale of pay and allowances, subject to subparagraph 090303.I, below. However, since such employees are filling international positions, their pay and allowances at the appropriate international pay scale shall be budgeted by the international military organization to which they are assigned. A sum equal to the amount of such pay and allowances at the international scale shall be collected from the international organization and reflected in the reimbursable portion of the DoD budget. The DoD direct budget shall absorb any differences.

I. U.S. civilians who occupy positions in international military organizations on a direct hire basis (not as U.S. Government employees), as provided for by Executive Order 11633, "Security Clearance Program for U.S. Citizens Employed Directly by NATO, the SEATO, and the CENTO," will be governed by the provisions of that order and other applicable U.S. Government regulations that deal with such employment. They shall be remunerated by the international military organization concerned at the applicable international pay scale and shall have no entitlement to pay and allowances or benefits of U.S. Government employees.

090304. Secretary of a Military Department. The Secretary of a Military Department with military personnel assigned to a U.S. military element shall:

A. Budget and fund for personnel costs of military personnel of that Component included in the U.S. military element.

B. Budget and fund for personally assigned equipment provided to military personnel of that Component included in the U.S. military element.

C. Make initial issuance to TO&E or equivalent units of that Component assigned or attached to U.S. Military elements.

D. Budget and fund component-peculiar requirements, such as flying qualifications, medical examinations, personnel training and development, and social actions, for military personnel of that Component.

E. Support other requirements. Costs shall be chargeable to the administrative agent on an interservice (reimbursable) basis.

F. Provide appropriate support to foreign military elements or to international military organizations in accordance with subsections 090402, 090403 or 090404, herein, unless identified in this chapter as items of nonreimbursable support.

090305. Head of a U.S. Military Element. The Head of a U.S. Military Element shall support the international military organization on a nonreimbursable basis, except for the costs of a military member who is assigned to an international civilian position, or when such support requires augmentation of the Element's normal manpower, equipment, or other resources from other U.S. sources.

090306. Head of a DoD Component. The Head of a DoD Component shall support the international military organization and participating foreign countries on a reimbursable basis, in accordance with the Arms Export Control Act or NATO Mutual Support Act, unless otherwise specified in this chapter.

090307. Commander of a Unified Combatant Command. The Commander of a Unified Combatant Command shall coordinate the activities of the administrative agents concerned in implementing this chapter within the Command theater of operations.

090308. Head of an International Military Organization. The Head of an International Military Organization shall support U.S. Military Elements on a nonreimbursable basis for those support areas set forth in the scope of the budget for international military headquarters and agencies (enclosure 1).

0904 POLICY AND PROCEDURES

090401. Reimbursements Due the United States from International Military Organizations for U.S. Personnel (Military or Civilian) Occupying International Civilian Positions.

A. A sum equal to the pay and allowances established for the occupied positions at the international scale shall be credited to the United States as an offset to the U.S. contribution to the international organization.

1. The administrative agent shall determine the amount of credit due and initiate a quarterly SF 1080, "Voucher for Transfer Between Appropriations and/or Funds," to transfer funds from the U.S. contribution to the international budget to the applicable financing DoD appropriation.

2. As an exception to this offset credit procedure, international military organizations located in the continental United States (CONUS), to which contributions are made in U.S. dollars, shall make direct reimbursement of the international pay and allowance equivalent to the administrative agent for any U.S. personnel assigned to international civilian positions.

B. The administrative agent shall screen the personnel administration and payroll computations for U.S. employees, as performed by the international organization, to ensure the accuracy and sufficiency of data and credits granted.

090402. Reimbursements Due the United States from International Military Organizations for Reimbursable Support Provided Pursuant to the Arms Export Control Act (AECA). When DoD services are performed, articles delivered from inventory or new procurement initiated under the authority of Public Law 90-629, "Arms Export Control Act," as amended (Title 22, United States Code, section 2751), the pricing and billing shall be in accordance with Volume 15 of this Regulation.

090403. Reimbursements Due the United States from International Military Organizations for Reimbursable Support Provided Pursuant to the NATO Mutual Support Act. When DoD services are performed or articles delivered from inventory under the authority of the NATO Mutual Support Act, pricing shall be in accordance with Chapter 8 of this volume and billing shall be in accordance with the international agreement negotiated in accordance with DoD Directive 2010.9, "Mutual Logistic Support Between the United States and Other NATO Forces."

090404. Reimbursements Due the United States from International Military Organizations for Reimbursable Support Provided Under Authorities Other than the Arms Export Control Act or the NATO Mutual Support Act of 1979

A. Leases of real and personal property are authorized by Title 10, United States Code, section 2667 and shall be priced in accordance with Volume 2 of this Regulation. Property with a life expectancy of less than 3 years or a value of less than \$1,000 will not be leased, but must be provided on a sales basis under subsections 090402 or 090403, above. In the event that DoD services or materiel are provided under authorities other than Public Law 90-629 (AECA), Public Law 96-323 (ACSA), or this Regulation, the DoD Component providing that support shall obtain a legal opinion supporting the use of such other legal authority before providing the service or materiel. The legal opinion shall be retained for audit verification.

B. The designated official of the DoD Component furnishing the support shall:

1. Originate promptly and in detail an SF 1080 to bill the administrative agent or the designated coordinating agent.
2. Prepare the invoice for reimbursable support on the basis of constructive delivery.
3. Distribute the SF 1080s as follows:
 - a. Submit two copies of the SF 1080a, with supporting detail, to the international military organization receiving the services or materiel for verification of the charge.
 - b. Forward the original (disbursement SF 1080s) and the collection copy (SF 1080b), without supporting detail, to the administrative agent or the designated coordinating agent.

c. Retain the additional copies, with supporting detail as may be required by the billing office, pending receipt of executed vouchers.

C. The administrative agent or the designated coordinating agent shall (1) request the comptroller of the NATO command or the appropriate international organization concerned to provide a monthly listing of charges that have been accepted and (2) ensure that such charges are reflected as offset credits to the United States in the callup of contributions to the international budgets.

D. The coordinating agent shall match the monthly listing of accepted charges with outstanding SF 1080s, and process the SF 1080s for accepted charges as payments to the billing office. Upon receipt of the validated SF 1080s, the billing office shall process the collection.

E. The designated coordinating agent shall verify that the offset credits are applied to the U.S. contributions to the international organization through a reconciliation of individual SF 1080 billings to the monthly list of accepted charges.

F. When materiel or services are furnished to international military organizations that are located within the CONUS and to which contributions are made in U.S. dollars, the U.S. military activity providing the support shall be responsible for billing the international military organization directly, and obtaining reimbursement in U.S. dollars.

0905 SCOPE OF BUDGET FOR INTERNATIONAL MILITARY HEADQUARTERS AND AGENCIES

The international budget shall include the types of costs, except as limited by exclusions in the following paragraphs, in such order and form as may be determined by the appropriate financial reviewing authorities. The following subparagraphs are illustrative of the types of costs accepted by the NATO Military Budget Committee as an international charge. The comptroller of the international military organization concerned and the U.S. representative shall be consulted if there is doubt whether the cost of any article or service is properly an international charge.

090501. Civilian Personnel, Administrative Staff. Pay and authorized allowances of personnel employed by an international headquarters for the performance of international functions, including secretarial, clerical, or technical assistance. For U.S. military and civilian personnel, see paragraph 090401 of this chapter.

090502. Civilian Personnel, Operational Staff. Pay and authorized allowance of personnel locally hired for custodial, industrial, or operational purposes, including upkeep of the premises and fixed or movable equipment used by the headquarters or its support units or fixed installations, supervision or operation of headquarters' fixed and movable equipment other than office equipment, and operation of headquarters enlisted mess facilities.

090503. Rents and Maintenance. Rental of office space, barracks, warehouses, and other commercial-type buildings, including taxes; cost of utilities, liquid and solid fuels, sewage and garbage disposal service; supplies and material for janitorial and hygienic services (national support unit barracks excluded); and supplies, material, and contractual expenses for maintenance, repair, and minor alterations to buildings and facilities, including replacement of minor installations and fixed equipment when damaged or worn beyond repair.

090504. Operation of General Services. Stationary and general office supplies for the headquarters and all units assigned in direct support; rental of office equipment required to supplement available equipment in accordance with internationally approved standards; printing, binding, and reproduction; purchase of maps, charts, and terrain models for peace time use; newspapers, periodicals, and library supplies; photo supplies and photographic processing; and drugs and other expendable medical supplies for first aid stations.

090505. Communications. Procurement and installation of switchboards, radio transmitters and receivers, telephone exchanges, and mobile communications equipment including related signal vehicles; rental of commercial-type equipment for additional requirements; repair and maintenance of communications equipment, including supplies and spare parts; cost of commercial communications, including installation and reinstallation charges for leased or other use of local, national, and international telephone, telegraph, and teletype circuits; and postage and postal fees.

090506. Transportation. Rental or purchase of passenger and cargo vehicles; petroleum, oil, and lubricant products for such vehicles and other equipment used in direct support of international headquarters; supplies and spares required for organizational maintenance of vehicles and related equipment; commercial freight, local hauling, and express charges for internationally procured supply and equipment items, including shipping charges for contribution-in-kind from member nations to place of receipt.

090507. Travel of International Staff

A. Civilian Personnel. Transportation and per diem costs of temporary duty travel on official business.

B. U.S. Military Personnel. When traveling on official business under travel orders issued by an authorized international headquarters that directs payment to be charged to international funds, the costs of such travel are payable as follows:

1. From international funds. Cost of transportation furnished by Military Airlift Command and/or a common carrier, to include taxi fares and privately owned conveyances under previously approved conditions.

2. From U.S. appropriated funds. Per diem and other expenses authorized by U.S. travel regulations.

090508. Exercises and Maneuvers. When directly related to an allied command training exercise, the cost of commercial communication services and facilities provided solely to fill a requirement of the exercise on behalf of the participating nations; civilian labor hired in connection with the exercise by the interallied headquarters and not specifically for any one nation; temporary installations for interallied field headquarters not available from organic equipment of participating troops or the headquarters and not properly chargeable to the host nation; rental of additional commercial transportation required at interallied headquarters for the exercise; utilities costs for interallied headquarters if at a place other than an existing military post; and reproduction of photographs and film strips, required by the directing staff for subsequent international training or critique purposes, when source of production is other than a military unit.

090509. Representational and Hospitality Expenses of the Supreme Commanders for international purposes.

090510. Contingencies. Claims for losses by fire, theft, and other damages; and costs to employ legal representation in civil court actions.

090511. Construction. Design and new construction of buildings and facilities, including housing, structures, utilities, modification, and alteration of existing buildings and facilities, including fixed equipment, sewage, gas, water, and electrical supply systems, roads, and approaches.

090512. Furniture and Equipment. Office furniture and equipment procured within internationally approved standards for the direct support of international headquarters and agency activities; equipment for maintenance of kitchens, shops, heating electrical plants; and furniture used in barracks, messes, recreation rooms, and dining rooms and clubs.

ENCLOSURE 1
INTERNATIONAL MILITARY HEADQUARTERS AND
RELATED AGENCIES AND ADMINISTRATIVE
AGENTS RESPONSIBLE FOR THEIR
SUPPORT AND FOR SUPPORT TO U.S. ELEMENTS

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>
A.	NATO	
1.	NATO Military Committee Agencies	
a.	International Military Staff (IMS)	Army
b.	Allied Long Lines Agency (ALLA)	Army
c.	Allied Communications and Computer Security Agency (ACCSA)	Army
d.	Allied Radio Frequency Agency (ARFA)	Army
e.	Allied Naval Communications Agency (ANCA)	Navy
f.	Allied Tactical Communications Agency (ATCA)	Army
g.	European Distribution Accounting Agency (EDAA)	Navy
h.	NATO Defense College	Navy
i.	Advisory Group for Aerospace Research and Development (AGARD)	Air Force
j.	Military Agency for Standardization	Army
k.	Canada - U.S. Regional Planning Group	Army
l.	Permanent Military Representatives to NATO	Army
m.	NATO Communications and Information System Agency (NACISA)	Army

ENCLOSURE 1 (CONT)

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>
2.	NATO Production/Logistics Agencies and Committees	
a.	Central European Operating Agency (CEOA)	Army
b.	NATO Maintenance and Supply Agency (NAMSA)	Army
c.	NATO Air Defense Ground Environment Management Office (NADGE)	Army
d.	NATO Integrated Communications System Management Agency	Army
e.	NATO Supply Center (NSC)	Army
f.	NATO Hawk Production and Logistics Organization	Army
g.	NATO F-16 Aircraft Production Consortium	Air Force
h.	NATO Maritime Patrol Aircraft Steering Committee	Army
i.	NATO Jaguar Steering Committee	Army
j.	Sea Sparrow Point Defense Missile System Steering Committee	Army
k.	Azores Fixed Acoustic Range Steering Committee	Army
l.	FH-70 155MM Towed Howitzer Steering Committee	Army
m.	SP-70 Self-Propelled Howitzer Steering Committee	Army

ENCLOSURE 1 (CONT)

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>
n.	Acoustic Communication with Submarines Committee	Army
o.	NATO Puma, Gazelle and Lynx Helicopters Committee	Army
p.	Combat Vehicle Reconnaissance (Tracked) Committee	Army
q.	Nike RN 202 Gun and Armament Committee	Army
r.	NATO Milan Anti-Armor System Committee	Army
s.	NATO Patrol Boat Hydrofoil Committee	Army
t.	NAEW Force Command	Army
u.	EURO-NATO-NIKE Training Center (ENTC)	Army
v.	NATO Airborne Early Warning Program Management Agency (NAPMA)	Air Force
w.	NATO ACCS Management Agency (NACMA)	Army
x.	AFCENT Multi-National Coordination Center (MNCC)	Army
3.	Allied Command Europe	
a.	Supreme Headquarters Allied Powers Europe (SHAPE)	Army
b.	SHAPE Technical Center	Air Force
c.	HQ Allied Forces Northwest Europe	Air Force
(1)	HQ Allied Air Forces Northwest Europe	Air Force

ENCLOSURE 1 (CONT)

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>
	(2) HQ Allied Naval Forces Northwest Europe	Air Force
	(3) HQ Allied Forces North	Air Force
d.	HQ Allied Forces Central Europe	Army
	(1) HQ Allied Land Forces Central Europe	Army
	(2) HQ Allied Air Forces Central Europe	Army
	(3) HQ Allied Forces Baltic Approaches	Air Force
e.	HQ Allied Forces Southern Europe	Navy
	(1) HQ Allied Land Forces Southern Europe	Army
	(2) HQ Allied Land Forces Southeastern Europe	Air Force
	(3) HQ Allied Land Forces South Central Europe	TBD
	(4) HQ Allied Air Forces Southern Europe	Navy
	(5) HQ Allied Naval Forces Southern Europe	Navy
	(6) HQ Naval Striking and Support Forces Southern Europe	Navy
f.	Allied Mobile Forces - Land	Army
g.	Multinational HQ/NATO Sub-PSC HQ	
	(1) Combined Air Operations Center #1 (Kalkar, Germany)	Air Force

ENCLOSURE 1 (CONT)

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>
(2)	Combined Air Operations Center #2 (Sembach, Germany)	Air Force
(3)	Combined Air Operations Center #3 (Messtetten, Germany)	Air Force
(4)	Combined Air Operations Center #4 (Finderup, Denmark)	Air Force
(5)	5th Allied Tactical Air Force	Air Force
(6)	6th Allied Tactical Air Force	Air Force
(7)	7th Allied Tactical Air Force	TBD
(8)	HQ Submarines Mediterranean	Navy
(9)	HQ Maritime Air Forces Mediterranean	Navy
(10)	HQ Gibraltar Mediterranean Command	Navy
(11)	HQ Central Mediterranean Area	Navy
(12)	HQ Eastern Mediterranean Area	Navy
(13)	HQ Northeastern Mediterranean Area	Navy
(14)	HQ ACE Rapid Reaction Corps (ARRC)	Army
(15)	HQ Reaction Forces Air Staff	Air Force
(16)	HQ II German Corps	Army
(17)	HQ Island Commander, Faroes	Navy
(18)	HQ Island Commander, Bermuda	Navy

ENCLOSURE 1 (CONT)

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>
	(19) HQ Island Commander, Greenland	Navy
	(20) HQ Island Commander, Azores	Navy
	(21) HQ Island Commander, Madeira	Navy
	(22) HQ Maritime Air Northwest	Navy
	(23) HQ Marine Strike Forces	Navy
	(24) HQ Submarines Northwest	Navy
	(25) HQ North Northwest	Navy
	(26) HQ West Northwest	Navy
	(27) HQ Benelux Northwest	Navy
	(28) HQ Commander, Portugese Air	Navy
	(29) HQ UKNLAF	Navy
	(30) HQ UKNLLF	Navy
4.	Supreme Allied Commander, Atlantic (SACLANT)	Navy
a.	HQ, WESTLANT	Navy
	(1) HQ, OCEANLANT	Navy
	(2) HQ, CANLANT	Navy
	(3) HQ, SUBWESTLANT	Navy
b.	HQ, EASTLANT	Navy
	(1) HQ, NORLANT	Navy

ENCLOSURE 1 (CONT)

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>
	(2) HQ, CENTLANT	Navy
	(3) HQ, MARAIREASTLANT	Navy
	(4) HQ, SUBEASTLANT	Navy
	(5) HQ, ISCOMICELAND	Navy
c.	HQ, IBERLANT	Navy
d.	HQ, SUBACLANT	Navy
e.	HQ, STRIKFLTLANT	Navy
	(1) HQ, CARSTRIKFOR	Navy
	(2) HQ, ASWSTRIKFOR	Navy
	(3) HQ, PHIBSTRIKFOR	Navy
f.	Antisubmarine Warfare Research Center	Navy
5.	Allied Command Channel (ACCHAN)	Navy
a.	Benelux Subarea	Navy
b.	Maritime Air - Nore Subarea	Navy
c.	Allied Maritime Air Force Channel	Navy
d.	Maritime Air-Plymouth Subarea	Navy
e.	Standing Naval Force - Channel	Navy
B.	Inter-American Defense Board (IADB)	Army

ENCLOSURE 1 (CONT)

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>
C.	Joint Mexican-United States Defense Commission (JMUSDC)	Army
D.	Permanent Joint Board on Defense, Canada-United States (PJBD)	Air Force
E.	U.S.-Spanish Combined Military Coordination and Planning Staff (CMCPS)	Air Force
F.	Republic of Korea/United States Combined Forces Command (ROK/US)	Army

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COMPTROLLER

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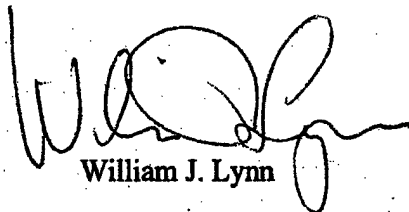
OCT 1 1999



MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Chapter 9, "Support of International Military Activities," of Volume 11A of the
DoD Financial Management Regulation 7000.14-R ("DoDFMR")

Attached is a revised listing of designated administrative agents to support international organizations. As requested by the Joint Staff, I have designated the administrative agents responsible for arranging support to U.S. military elements at specific international organizations located in Europe. In addition, the listing has been corrected so that the Army continues to be the administrative agent for the Interallied Confederation of Reserve Officers. The designations are effective immediately. The changes will be included in the next update of the "DoDFMR."


William J. Lynn

Attachment

ENCLOSURE 1**INTERNATIONAL MILITARY HEADQUARTERS AND RELATED AGENCIES AND
ADMINISTRATIVE AGENTS RESPONSIBLE FOR THEIR SUPPORT AND FOR
SUPPORT TO U.S. ELEMENTS**

	<u>Headquarters or Agency</u>	<u>Administrative Agent</u>	
A.	NATO		
1.	NATO Military Committee Agencies		
a.	International Military Staff (IMS)	Army	
b.	Allied Long Lines Agency (ALLA)	Army	
c.	Allied Communications and Computer Security Agency (ACCSA)	Army	
d.	Allied Radio Frequency Agency (ARFA)	Army	
e.	Allied Naval Communications Agency (ANCA)	Navy	
f.	Allied Tactical Communications Agency (ATCA)	Army	
g.	European Distribution Accounting Agency (EDAA)	Navy	
h.	NATO Defense College	Navy	
i.	Advisory Group for Aerospace Research and Development (AGARD)	Air Force	
j.	Military Agency for Standardization	Army	
k.	Canada - U.S. Regional Planning Group	Army	
l.	Permanent Military Representatives to NATO	Army	
m.	NATO Communications and Information System Agency (NACISA)	Army	
n.	Interallied Confederation of Reserve Officers (CIOR)	Army	*

2. NATO Production/Logistics Agencies and Committees
- a. Central European Operating Agency (CEOA) Army
 - b. NATO Maintenance and Supply Agency (NAMSA) Army
 - c. NATO Air Defense Ground Environment Management Office (NADGE) Army
 - d. NATO Integrated Communications System Management Agency Army
 - e. NATO Supply Center (NSC) Army
 - f. NATO Hawk Production and Logistics Organization Army
 - g. NATO F-16 Aircraft Production Consortium Air Force
 - h. NATO Maritime Patrol Aircraft Steering Committee Army
 - i. NATO Jaguar Steering Committee Army
 - j. Sea Sparrow Point Defense Missile System Steering Committee Army
 - k. Azores Fixed Acoustic Range Steering Committee Army
 - l. FH-70 155MM Towed Howitzer Steering Committee Army
 - m. SP-70 Self-Propelled Howitzer Steering Committee Army
 - n. Acoustic Communication with Submarines Committee Army
 - o. NATO Puma, Gazelle and Lynx Helicopters Committee Army
 - p. Combat Vehicle Reconnaissance (Tracked) Committee Army

q.	Nike RN 202 Gun and Armament Committee	Army	
r.	NATO Milan Anti-Armor System Committee	Army	
s.	NATO Patrol Boat Hydrofoil Committee	Army	
t.	NAEW Force Command	Army	
u.	EURO-NATO-NIKE Training Center (ENTC)	Army	
v.	NATO Airborne Early Warning Program Management Agency (NAPMA)	Air Force	
w.	NATO ACCS Management Agency (NACMA)	Army	
x.	AFCENT Multi-National Coordination Center (MNCC)	Army	
3.	Allied Command Europe		
a.	Supreme Headquarters Allied Powers Europe (SHAPE) (Mons BE)	Army	
b.	NATO Communications, Command and Control Agency (NC3A) (The Hague, NL)	Air Force	*
c.	Regional HQ Allied Forces Northern Europe (Brunnsum, NL)	Army	*
(1)	HQ Allied Naval Forces Northern Europe (Northwoods, UK)	Navy	*
(2)	HQ Allied Air Forces Northern Europe (Ramstein GE)	Air Force	*
(3)	Joint Command HQ Northern Europe (Stavanger NO)	Air Force	*
(4)	Joint Command HQ Northeast Europe (Karup DE)	Air Force	*
(5)	Joint Command HQ Central Europe (Heidelberg GE)	Army	*

d.	Regional HQ Allied Forces Southern Europe (Naples IT)	Navy	*
(1)	HQ Allied Naval Forces Southern Europe (Naples IT)	Navy	*
(2)	HQ Allied Air Forces Southern Europe (Naples IT)	Navy	*
(3)	Joint Command HQ Southern Europe (Verona IT)	Army	*
(4)	Joint Command HQ Southwest Europe (Madrid SP)	Navy	*
(5)	Joint Command HQ South Central Europe (Larissa GR)	Navy	*
(6)	Joint Command HQ Southeast Europe (Izmir TU)	Air Force	*
e.	Allied Mobile Forces – Land (Heidelberg GE)	Army	*
f.	Multinational HQ/Reaction Forces		
(1)	Combined Air Operations Center #9 (High Wycombe UK)	Navy	*
(2)	Hybrid Combined Air Operations Center (Uedem GE)	Air Force	*
(3)	Combined Air Operations Center #5 (Poggio Renatico IT)	Army	*
(4)	Combined Air Operations Center #6 (Eskesehir TU)	Air Force	*
(5)	Combined Air Operations Center #7 (Larissa GR)	Navy	*
(6)	Combined Air Operations Center #8 (Torrejon SP)	Navy	*
(7)	Combined Air Operations Center #10	Navy	*

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(8)	Deployable Combined Air Operations Center Southern Europe	TBD	*
(9)	Deployable ARS Southern Europe	TBD	*
(10)	Deployable ARS Northern Europe	TBD	*
(11)	HQ Submarines Southern Region (Naples IT)	Navy	*
(12)	HQ Maritime Air Forces Southern Region (Naples IT)	Navy	*
(13)	HQ ACE Rapid Reaction Corps (ARRC) (Rhinedahlem GE)	Army	*
(14)	HQ Reaction Air Forces Staff (Kalkar GE)	Air Force	*
(15)	HQ II German Corps (Heidelberg GE)	Army	*
(16)	HQ Naval Striking and Support Forces Southern Europe (Naples IT)	Navy	*
g.	Multinational HQ		
(1)	HQ Island Commander, Faroes	Navy	
(2)	HQ Island Commander, Bermuda	Navy	
(3)	HQ Island Commander, Greenland	Navy	
(4)	HQ Island Commander, Azores	Navy	
(5)	HQ Island Commander, Madeira	Navy	
(6)	HQ Maritime Air Northwest	Navy	
(7)	HQ Marine Strike Forces	Navy	
(8)	HQ Submarines Northwest	Navy	

- | | | |
|------|--|------|
| (9) | HQ North Northwest | Navy |
| (10) | HQ West Northwest | Navy |
| (11) | HQ Benelux Northwest | Navy |
| (12) | HQ Commander, Portugese Air | Navy |
| (13) | HQ UKNLAF | Navy |
| (14) | HQ UKNLLF | Navy |
| 4. | Supreme Allied Commander, Atlantic (SACLANT) | Navy |
| a. | HQ, WESTLANT | Navy |
| (1) | HQ, OCEANLANT | Navy |
| (2) | HQ, CANLANT | Navy |
| (3) | HQ, SUBWESTLANT | Navy |
| b. | HQ, EASTLANT | Navy |
| (1) | HQ, NORLANT | Navy |
| (2) | HQ, CENTLANT | Navy |
| (3) | HQ, MARAIREASTLANT | Navy |
| (4) | HQ, SUBEASTLANT | Navy |
| (5) | HQ, ISCOMICELAND | Navy |
| c. | HQ, IBERLANT | Navy |
| d. | HQ, SUBACLANT | Navy |
| e. | HQ, STRIKFLTANT | Navy |
| (1) | HQ, CARSTRIKFOR | Navy |
| (2) | HQ, ASWSTRIKFOR | Navy |
| (3) | HQ, PHIBSTRIKFOR | Navy |

f.	Antisubmarine Warfare Research Center	Navy
5.	Allied Command Channel (ACCHAN)	Navy
a.	Benelux Subarea	Navy
b.	Maritime Air - Nore Subarea	Navy
c.	Allied Maritime Air Force Channel	Navy
d.	Maritime Air-Plymouth Subarea	Navy
e.	Standing Naval Force - Channel	Navy
B.	Inter-American Defense Board (IADB)	Army
C.	Joint Mexican-United States Defense Commission (JMUSDC)	Army
D.	Permanent Joint Board on Defense, Canada- United States (PJBD)	Air Force
E.	U.S.-Spanish Combined Military Coordination and Planning Staff (CMCPS)	Air Force
F.	Republic of Korea/United States Combined Forces Command (ROK/US)	Army

CHAPTER 10

**UNIT EXCHANGE OF TRAINING AND RELATED SUPPORT BETWEEN
THE UNITED STATES AND FOREIGN COUNTRIES**1001 OVERVIEW

100101. Purpose. This chapter provides the financial policy that implements Title 22, United States Code, section 2770a, which authorizes the reciprocal unit exchange of training and related support between the United States and friendly foreign countries or international organizations.

100102. General

A. Title 22, United States Code, section 2770a authorizes the President to enter into agreements for reciprocal unit exchange of training and related support between the United States and friendly foreign countries or international organizations. Chapter 10, paragraph 100308, of DoD 5105.38-M, "Security Assistance Management Manual," provides general implementing program guidance for the conduct of exchanges. Unit exchanges shall be arranged only as part of an international agreement, as defined in DoD Directive 5530.3, "International Agreements." Before entering into negotiations for an international agreement or conducting a specific exchange thereunder, the initiating authority shall seek the approval of the cognizant Unified Commander in whose area of responsibility the foreign nation or international organization is located or in which the training is to be conducted. Generally, the Secretary of a Military Department, or designee, is the approving authority for implementing arrangements, entered into under authority of the agreement, which provide for the exchange of specific units. However, implementing arrangements of significant political-military importance or operationally sensitive exchanges require approval by the Under Secretary of Defense (Policy) (USD(P)).

B. The provisions of Title 22, United States Code, section 2770a apply only to established military units, not to ad hoc units or individual members of units. Therefore, to qualify as a unit exchange, the organization receiving the training must include substantially all individuals assigned to an established unit. A unit exchange of training and related support may include transportation, food services, health services, logistics, and the use of facilities and equipment provided to military and civilian defense personnel. Training performed pursuant to unit exchange agreements shall be on an exchange basis. If an exchange of training does not commence within 12 months, the training shall be converted to a reimbursable transaction.

1002 POLICY AND PROCEDURES

100201. Pricing Reciprocal Exchanges or Related Support. A DoD Component participating in a reciprocal unit exchange or related support arrangement shall use the following pricing guidelines:

A. U.S. officials delegated authority under DoD Directive 5530.3 to negotiate agreements under Title 22, United States Code, section 2770a shall perform a price analysis based on prior experience and/or current supporting data. The price determined for the unit exchange of training or related support shall be fair and reasonable, taking into consideration all applicable circumstances. If the determination under paragraph 100202.A, below, cannot be made, the training may not be performed and the related support may not be exchanged.

B. Reciprocal unit exchanges of any training or related support by the United States shall be subject to the pricing provisions of chapter 7, Volume 15, of this Regulation. The estimated actual cost of each reciprocal unit exchange shall be computed and recorded by the Military Department designated resource management function. The estimated actual cost recorded shall be used as the basis for reporting costs incurred and for reimbursement purposes in the event exchanges are not reciprocated. An obligation shall be established when a determination is made that the exchange will not take place or within 12 months from the date the training began, whichever occurs first.

100202. Liquidation of Credits and Liabilities. Compensation for the acquisition or transfer of a unit exchange of training and related support under the authority of this chapter shall be accomplished through either of the following methods:

A. Reciprocal Exchange. Training or related support that is to be exchanged requires a written determination by the approving U.S. organization that the reciprocal unit exchange of training or related support has a substantially comparable value. Comparable value received is the sum of those monetary (i.e., estimated actual cost that the U.S. would have had to pay for training received) and nonmonetary (i.e., benefits or cost avoidance) values that comprise the total exchange value. Methodologies depicting comparable value, both monetary and nonmonetary, shall be retained and available for audit.

B. Reimbursable. Payments for training and related support are to be in the currency of the supplying nation and shall be provided in the event reciprocity is not achieved within 12 months from the date the training began.

100203. Conversion to Reimbursable Training. The servicing accounting and finance office shall take the following actions when reciprocal training or related support is not provided or not received:

A. Actions to be Taken When the United States Does Not Provide Reciprocal Training or Related Support. When the United States does not provide reciprocal training and related support within 12 months after such training or support begins, the exchange transaction shall be converted to a reimbursable transaction and an obligation recorded. The obligation shall be recorded against the appropriation current at the time the determination is made that reciprocal training will not be provided. The resulting accounts payable is to be paid 30 days from the date established. The accompanying documentation shall fully explain the reasons for not providing reciprocal training or related support during the preceding 12 months.

B. Actions to be Taken When the United States Does Not Receive Reciprocal Training or Related Support. When the United States does not receive reciprocal training or related support within 12 months after such training or support begins for a foreign country, the exchange transaction shall be converted to an accounts receivable. The accounts receivable shall be established against miscellaneous receipt account 3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified." Billings shall be made by the DoD Component through the consulate and/or embassy of the foreign country or as otherwise provided for in the agreement. Payment will normally be required within 30 days of the invoice date.

1003 REPORTING RESPONSIBILITIES

100301. Secretaries of the Military Departments. The Secretaries of the Military Departments, or designees, shall submit to the Director, Defense Finance and Accounting Service, not later than December 1 of each year, a report for each reciprocal exchange or reimbursement (Figures 10-1 and 10-2) that was in effect during the prior fiscal year.

100302. Director, Defense Finance and Accounting Service. The Director, Defense Finance and Accounting Service shall:

- A. Consolidate the input from the Military Departments.
- B. Prepare an annual report for signature by the Under Secretary of Defense (Comptroller).
- C. Coordinate this report with the Office of the Under Secretary of Defense (Comptroller), Office of the Under Secretary of Defense (Personnel and Readiness), Office of the Deputy Under Secretary of Defense (Logistics), and Office of the Assistant to the Secretary of Defense (Legislative Affairs).
- D. Transmit the report for receipt by the Congress not later than February 1 of each year.

**EXCHANGE OF TRAINING AND RELATED SUPPORT
RECIPROCAL EXCHANGES**

DoD Component: _____
FY _____

(In Thousands)

Agreement and/or Subagreement Number: Notes 1,2

<u>Date Training Provided</u>	<u>Date Reciprocal Training Provided</u>	<u>Estimated Cost Provided (Note 3)</u>	<u>Estimated Value Received (Note 4)</u>
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NOTES:

1. Describe briefly the essential elements for each agreement. Annually submit this data in summary form to the Director, Defense Finance and Accounting Service, as prescribed in section 1003 of this chapter.
2. Each Military Department shall retain a complete file for audit purposes of each agreement entered into that results in an obligation being recorded or a reimbursable order being established.
3. Estimated cost of training and support provided by the United States.
4. Estimated value of training and support provided to the United States.

Figure 10-1

**EXCHANGE OF TRAINING AND RELATED SUPPORT
TRAINING CONVERTED TO REIMBURSABLE TRANSACTIONS**

DoD Component: _____

FY _____

(In Thousands)

Agreement and/or Subagreement Number: Notes 1,2

Date Training Provided	Date Converted to a Reimbursable Transaction	Obligation Recorded as a Result of Not Providing Reciprocal Training	Accounts Receivable Established as a Result of Not Receiving Reciprocal Training
_____	_____	_____	_____

NOTES:

1. Describe briefly the essential elements and reasons for not providing the reciprocal training for each agreement. Annually submit this data in summary form to the Director, Defense Finance and Accounting Service, as prescribed in section 1003 of this chapter.
2. Each Military Department shall retain a complete file for audit purposes of each agreement entered into that results in an obligation being recorded or a reimbursable order being established.

Figure 10-2

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CHAPTER 11

SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL GOVERNMENTS1101 OVERVIEW

110101. Purpose. This chapter supplements the standards for financial accounting for receivables (Chapter 3, Volume 4, "Accounting Policy and Procedures," of this Regulation) and for budgetary accounting for reimbursements (Chapter 15, Volume 3 "Budget Execution - Availability and Use of Budgetary Resources" of this Regulation). It provides guidance on the amounts that shall be recouped when the DoD Components perform special or technical services for state or local governments. This chapter does not provide legal authority to sell to state or local governments. Specific legal authority must be identified to make such sales.

110102. General. It is the policy of the Department to cooperate to the maximum extent possible with state and local governments to provide specialized or technical services. Such services generally shall supplement and not supplant any services provided under other authority.

A. Pricing. Specialized or technical services to state and local governments provided under authority of Title III of the Intergovernmental Cooperation Act of 1968 shall be priced as a sale to private parties at the full costs to the Department.

B. Disposition of Proceeds. Payments received by DoD Components for the costs of such service shall be deposited to the credit of the appropriation or account from which the costs of providing the services have been paid or are to be charged. Unfunded portions of the costs of such services shall be deposited to the U.S. Treasury as miscellaneous receipts.

1102 POLICY AND PROCEDURES110201. Types of Services

A. The following specialized or technical services and related facilities that may be provided under Title 31, United States Code, Chapter 65, "Intergovernmental Cooperation."

1. Any existing statistical or other studies and compilations, results of technical tests and evaluations, technical information, surveys, reports, documents, and any such materials which may be developed or prepared in the future to meet the needs of the federal government or to carry out a DoD Component's normal responsibilities.

2. Preparation of statistical or other studies and compilations, technical tests and evaluations, technical information, surveys, reports, documents, and assistance

in the conduct of such activities, and in the preparation of such materials, provided they are similar to those that the DoD Component is authorized by law to conduct or prepare.

3. Training of the type that the DoD Components are authorized by law to conduct for DoD personnel.

4. Technical aid in the preparation of proposals for developmental and other projects for which the DoD Components provide grants-in-aid or other assistance, provided such aid primarily develops recipients' capability to prepare their own proposals.

5. Technical information, data processing, communications and personnel management systems services, and technical advice on improving logistical and management services that the DoD Components normally provide the DoD for themselves or others under existing authorities.

B. Any of the above listed specialized or technical services provided by a DoD Component to states and their political subdivisions under other authorities also may be provided under the authority of OMB Circular A-97, "Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services under Title III of the Intergovernmental Cooperation Act of 1968."

C. If a DoD Component receives a request for specialized or technical services that is not covered above, but that is consistent with OMB Circular A-97 and which the Component has a special competence to provide, the Component shall forward the request to the Deputy Under Secretary of Defense (Logistics) (DUSD(L)) for submission to the OMB for review. If there is doubt whether the service requested is covered, the Component should forward the request to the DUSD(L) for review.

110202. Conditions Under Which Services May Be Provided. Specialized or technical services covered under OMB Circular A-97 may be provided at the discretion of the DoD Component head only under the following conditions:

A. Such services shall be provided only to states, their political subdivisions, and combinations or associations of such governments, their agencies, and instrumentalities.

B. Such services shall be provided only upon the written request of a state or its political subdivision. Requests normally shall be made by the chief executive of such entities and shall be addressed to the head of the DoD Component involved.

C. Such services may not be provided unless the servicing DoD Component maintains similar services for its own use under the policies and procedures set forth in OMB Circular A-76, "Performance of Commercial Activities," and subsequent changes thereto. In addition, in accordance with the policies set forth in OMB Circular A-97, the requesting entity shall certify that such services cannot be procured reasonably and quickly through ordinary business channels.

D. Such services may not be offered if they require any staff additions or involve expenditures for additional equipment or other facilities solely for the purpose of providing such services, except when the costs of such services are charged to the user.

E. Such services shall be provided only upon payment or arrangement for reimbursement to the DoD Component involved by the unit of government making the request. This includes salaries and all other identifiable direct and indirect costs of performing such services.

F. Technical information provided in accordance with this chapter may not be disseminated further to third party governmental entities or associations, unless expressly authorized by the originating DoD Component.

G. If a request for a service is denied, the DoD Component shall furnish a statement to the entity making the request indicating the reasons for the denial.

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CHAPTER 12

MAJOR RANGE AND TEST FACILITIES1201 OVERVIEW

120101. Purpose. This chapter provides reimbursable policy for specific Department of Defense test and evaluation (T&E) activities (Figure 12-1), hereafter referred to as a Major Range and Test Facility Base (MRTFB). (This chapter does not apply to the commercial space launch activities of the 30th and 45th Space Wings; reimbursable policy for these activities is contained in Chapter 13 of this volume. Nor does this chapter apply to the sale of samples, drawings, information, equipment, and certain services as authorized by 10 U.S.C. 2539b (see Chapter 14 of this volume).

120102. General. The MRTFB is a national asset which is sized, operated, and maintained primarily for DoD test and evaluation support missions, but also is available to non-DoD users having a valid requirement for its capabilities.

1202 POLICY AND PROCEDURES

120201. Funding. Funding of the MRTFB is designed to: (a) assure the most cost effective development and testing of materiel; and (b) provide for interservice compatibility, efficiency, and equity without influencing technical testing decisions or inhibiting legitimate and valid testing. The MRTFB activities, as listed in DoD Directive 3200.11 (examples of these activities are listed in Figure 12-1), shall be funded in a uniform manner. The categories of goods and services charged to the MRTFB customers consistently shall be applied among all the MRTFBs. All costs incurred by MRTFB activities shall be billed to either one of the following sources: (1) MRTFB customers (users) or (2) direct appropriations of the managing activity. All costs not funded by customers on a reimbursable basis shall be funded as part of the direct appropriations of the Component responsible for the MRTFB. Direct appropriations sometimes are referred to as institutional funds.

120202. Accounting. The job order cost accounting system described in Chapter 20, "Job Order Costing," volume 4, of this Regulation is a minimum requirement to support financial management and funding policies at MRTFBs. The cost accounting system shall be used to determine charges under agreements entered into pursuant to DoD Directive 4000.19, "Inter-service, Interdepartmental, and Inter-agency Support." Reimbursement for the use of an MRTFB consistently will be determined within the Department of Defense.

120203. Reimbursements for Range UseA. Working Capital Fund Activities

Working Capital Fund activities shall charge customers at standard rates, in accordance with established pricing policies contained in Volume 11B of this Regulation.

B. Non-Working Capital Fund Activities

1. DoD Component Users

a. DoD Component users shall reimburse MRTFB activities for direct costs readily identifiable with a particular customer order. The reimbursement charge shall include a proportional share (through appropriate rates) of equipment maintenance costs related to the use, and any other costs that are a direct result of T&E activities. Chargeable direct costs include labor, material, facilities, minor construction, utilities, equipment, supplies, items damaged or consumed during testing, and any resource or item maintained for a particular user. Direct costs billed shall be in accordance with Chapter 1, "General Reimbursement Procedures and Supporting Documentation," of this volume, and shall be identified to a job or function served in support of a customer order. Indirect costs shall be paid by the activity's direct appropriations.

b. Chargeable costs incurred by activities not funded by DoD Working Capital Funds for other DoD Components do not include military personnel costs.

2. Non DoD Component Users. This includes Federal, State or Local Government agencies, allied foreign governments, defense contractors, and when authorized, private organizations and U.S. commercial enterprise customers.

a. MRTFB commanders shall charge all direct costs associated with a customer order.

(1) Chargeable direct costs include labor, material, facilities, minor construction specifically performed for the customer, utilities, equipment, supplies, and other resources damaged or consumed during testing or maintained for a particular user.

(2) Chargeable direct costs incurred by non-Working Capital Fund activities for other than DoD Components shall include all military personnel costs associated with a customer order. (Military personnel costs shall be priced at the composite standard military pay rate--see Chapter 14 of this volume.)

b. MRTFB commanders shall charge an appropriate amount of indirect costs. Any indirect costs incurred, but not billed to a customer, shall be billed to the activity's institutional funds. Institutional funding levels, however, shall not be increased to finance any additional indirect cost incurred due to sales to non-DoD activities.

★ 3. Limitation. Consistent with the authority provided in 10 U.S.C. 2681, the policies in subparagraph 120203.B.2., above, are effective through September 30, 2002, unless 10 U.S.C. 2681 subsequently is amended to extend the authority. In the absence of such an extension, customers covered by subparagraph 120203.B.2. shall be charged in accordance with Chapter 1, "General Reimbursement Procedures and Supporting Documentation," of this volume.

4. Foreign Military Sales. Foreign Military Sales customers shall reimburse MRTFB activities in accordance with chapter 7, "Security Assistance Policy and Procedures," Volume 15, of this Regulation. This chapter does not, and shall not, be construed to permit foreign customer countries or foreign commercial entities to purchase services from MRTFB activities through other than Foreign Military Sales procedures authorized under the Arms Export Control Act.

5. Government-Furnished Services. When the use of an MRTFB activity has been included in a contractual agreement as government-furnished services, the user shall be charged based on the category of the contracting government agency (see subparagraph 120203.B.1. or 120203.B.2.).

C. Aborts and Cancellations. Users shall be billed for all costs associated with abortions and cancellations in accordance with the pricing policy contained in subparagraphs 120203.A. and 120203.B.

MAJOR RANGE AND TEST FACILITY BASEArmy Activities

White Sands Missile Range (WSMR) including Electronic Proving Ground (EPG) at Ft. Huachuca, AZ
High Energy Laser Systems Test Facility (HELSTF)
U.S. Army Kwajalein Atoll (USAKA)
Yuma Proving Ground (YPG)
Dugway Proving Ground (DPG)
Aberdeen Test Center (ATC)

Navy Activities

Naval Air Warfare Center - Weapons Division, Point Mugu
Naval Air Warfare Center - Weapons Division, China Lake
Naval Air Warfare Center - Aircraft Division, Patuxent River
Naval Air Warfare Center - Aircraft Division, Trenton, NJ
(Scheduled for closure)
Atlantic Undersea Test and Evaluation Center (AUTEC)
Atlantic Fleet Weapons Training Facility (AFWTF)

Air Force Activities

45th Space Wing
30th Space Wing
Arnold Engineering Development Center (AEDC)
Air Force Air Warfare Center
Air Force Flight Test Center (AFFTC)
(Includes Utah Test and Training Range)
Air Force Development Test Center (AFDTC), including the
46th Test Group at Holloman AFB, NM

Defense-Wide Activities

DISA Joint Interoperability Test Command (JITC)

Figure 12-1

CHAPTER 13

DOD SUPPORT TO UNITED STATES COMMERCIAL SPACE ACTIVITIES

1301 PURPOSE. This chapter provides reimbursable policy and procedures for the sale of DoD support to U.S. commercial space activities.

1302 BACKGROUND. Title 49, United States Code, sections 70101-70119, "Commercial Space Launch Activities;" Title 15, United States Code, section 5807, "Use of Government Facilities;" and DoD Directive 3230.3, "DoD Support for Commercial Space Launch Activities," encourage cooperation with the U.S. private sector in the development of commercial space launch operations and other related commercial space activities.

1303 APPLICABILITY. This chapter applies to DoD organizations that provide support to U.S. commercial space activities, including support provided by Major Range and Test Facility Base (MRTFB) activities.

1304 PRICING

130401. General Pricing. Title 15 of the United States Code, section 5807, authorizes DoD to allow commercial activities to use its space related facilities provided that DoD is reimbursed for its direct costs accrued in supporting the commercial space activities. The term commercial means having private capital at risk, and primary financial management responsibility for the activity residing with the private sector. Direct costs, for the purposes of this chapter, is defined as the actual costs that are associated with a commercial launch effort or other commercial space activity that would not be borne by the DoD in the absence of the commercial launch effort or other commercial activity. Such costs may include labor, material, utilities, equipment, supplies, transportation, mission-specific construction, and any other resources required, consumed, or damaged in providing government support or services.

130402. Pricing of Space Launch Property and Services to U.S. Private Sector Launch Vehicle Operators and Other Commercial Space Activities

A. Space Launch Property Space launch property consists of item built for, or used in, the launch preparation or launch of a launch vehicle.

1. By Sale. Space launch property that is excess or otherwise not needed for public use, may be sold or transferred by other transaction instead of sale to U.S. private sector launch vehicle operators and other commercial space activities (e.g., payload retrieval services, payload processing services). The transaction shall be valued at the fair market value as defined in Chapter 3 of this volume.

2. By Lease/License. Space launch property that is excess or otherwise not needed for public use may be leased/licensed to U.S. private sector launch vehicle

operators and other commercial space activities. The transaction shall be priced to recover direct costs, as defined in paragraph 130401. In addition to the costs identified in paragraph 130401, direct costs include specific wear and tear and property damage incurred by the Department as related to the launch property acquisition. Property damage costs represent the costs necessary to replace or restore the property, or site, to its condition before the lease/license.

B. Space Launch Services. Space launch services are those activities involved in the preparation of a launch vehicle and its payload for launch and the conduct of a launch. For space launch services, including utilities, otherwise not needed for public use, the acquisition price represents an amount equal to the direct costs, including the basic pay of Government civilian and contractor personnel incurred as a result of the acquisition.

130403. Articles and Services Provided from the Department of Defense Working Capital Funds. Standard prices/stabilized rates shall be charged for articles and services provided by activities and businesses operated with DoD Working Capital Funds.

130404. Upgrades or Modifications to DoD Owned Property. Upgrades or modifications to DoD owned property, facilities or equipment for commercial space activities shall be reimbursed in accordance with the provisions contained in Chapter 1 of this volume. Such upgrades or modifications must have documented approval from the parent DoD organization in accordance with DoD Directive 3230.3, "DoD Support for Commercial Space Launch Activities."

130405. Government-owned Production Facilities. Government-owned production facilities or related equipment used to support the production of a private sector commercial launch vehicle or a commercial launch process shall be provided on a direct cost basis, with terms and conditions established by a standard contract for DoD support to United States commercial space activities.

130406. Test and Evaluation. Commercial operators performing test and evaluation activities related to commercial space launch efforts using DoD facilities shall be charged on a direct cost basis.

130407. Fixed Price Estimates. Commercial space launch contractors may be offered fixed price quotes for the sale of launch services based on reasonable estimates of direct costs only when there is (a) a well defined contractor requirement and (b) a reliable cost history of similar previous sales.

1305 BILLING

130501. Invoices for support provided shall be completed and transmitted to the commercial space activity within 30 days after the rendering of such support.

130502. The payment due date shall be no more than 30 calendar days from the date of the invoice.

1306 DISPOSITION OF COLLECTIONS

130601. Proceeds from the sale of articles and services from activities operated with DoD Working Capital Funds shall be deposited to the Department of Defense Working Capital Funds.

130602. Proceeds from the sale of launch property by other than a DoD Working Capital Funds activity shall be:

A. Deposited to the Miscellaneous Receipts Account of the U.S. Treasury when the launch property is not to be replaced.

B. Deposited to the DoD appropriation account or fund, currently available for the procurement of the launch property, if the launch property is to be replaced.

130603. Proceeds from the license of launch property shall be deposited to the DoD appropriation account or fund currently available for financing the direct costs incurred. Proceeds from leases shall be deposited to the Miscellaneous Receipts Account of the U.S. Treasury.

130604. Proceeds from the sale of launch services shall be deposited to the DoD appropriation account or fund that financed the provisioning of those launch services. These proceeds must be credited to the fiscal year in which the DoD Component provided the services.

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★CHAPTER 14★

**SALE OF SAMPLES, DRAWINGS, INFORMATION, EQUIPMENT,
AND CERTAIN SERVICES BY A GOVERNMENT LABORATORY,
CENTER, RANGE, OR TESTING FACILITY**

1401 OVERVIEW140101. Purpose.

This chapter provides the reimbursable policy for sales of samples, drawings, information, equipment, and certain services to non-DoD persons or entities, as authorized by 10 U.S.C. 2539b. This chapter does not apply to facilities and ranges of the Major Range and Test Facility Base (MRTFB). Guidance pertaining to the use of the MRTFB is contained in chapter 12 of this Volume. This chapter also does not apply to any DoD Working Capital Fund activities. Guidance pertaining to DoD Working Capital Fund activities is contained in Volume 11B of this Regulation.

140102. General.

It is the policy of the Department of Defense to promote research and development within the commercial sector of the U.S. economy, and the transfer of technology from the military to the commercial sector. These policies strengthen national security by promoting the development of a national industrial and technological base from which to sustain military technological superiority, while enhancing production capabilities for the nation overall. Furthermore, these policies provide the guidance for the commercial use of defense laboratories and test facilities, equipment, materials, drawings, and manufacturing or other information.

1402 POLICY AND PROCEDURES140201. General.

A. Under section 2539b of Title 10, United States Code, the Secretary of Defense, the Secretaries of the Military Departments, Directors of Defense Agencies, or their designees, when determined by appropriate authority to be in the interest of national defense, are authorized to:

1. Sell, rent, lend, or give samples, drawings, and manufacturing or other information (subject to rights of third parties) to any person or entity;

2. Sell, rent or lend government equipment or material to any person or entity for use in independent research and development programs, subject to the condition that such equipment or material be used exclusively for such research and development, or for use in demonstrations to a friendly foreign government; and

3. Make available to any person or entity, at a prescribed fee, the services of any Department laboratory, center or other testing facility for the testing of materials, equipment, models, computer software, and other items.

B. Classified information shall not be sold, loaned or given pursuant to this authority unless such a release of information is in accordance with DoD 5200.1-R. Unclassified, but Sensitive, material shall be handled in accordance with DoD Directive 5230.25.

140202. Government Equipment or Materials.

A. In determining whether to sell, rent or loan government equipment or materials, consideration shall include, but not be limited to:

1. The current or probable future need of the government item;
2. The residual value of the item;
3. Expense incident to handling and storage of the item;
4. The probable cost of reproduction of the item in the event of future procurement; and
5. Whether the sale, rent or loan furthers the transfer of technology to the commercial sector.

140203. Government Facility Resources.

A. Ordinarily, the testing of materiel and other items not owned by the government shall not cause government personnel or other government resources to be diverted from scheduled tests of government materiel or otherwise interfere with government mission requirements.

B. The laboratory director or activity commander with immediate authority over the government testing facility shall determine the priority of use of such facility for testing of materiel and other items not owned by the government. In so determining, the director or commander shall consider the degree to which the proposed test furthers the policies set forth in subparagraph 140201.A., above. The director or commander may revise established test

schedules in order to accommodate tests of materiel and other items not owned by the government.

C. The results of tests performed in government test facilities under subparagraph 140201.A.3. may contain proprietary or other confidential information that may be exempt from mandatory disclosure under the Freedom of Information Act. In such cases, the government may not otherwise disclose such information without the consent of the persons for whom the tests are performed.

1403 FEES AND CHARGES

140301. General.

A. Fees and charges for sales, rents or loans authorized by subparagraphs 140201.A.1. and A.2. shall include all direct and indirect costs to recover the total cost to the government.

B. Internal management controls (see DoD Directive 5010.38) must be established to ensure that charges and fees are developed and adjusted, using current, accurate, and complete data, to provide reimbursement conforming to these requirements. Such controls also must ensure compliance with cash management and debt collection policies (see DoD Directive 7045.13).

C. Payment for items and fees incident to a sale, rent or loan under subparagraphs 140201.A.1. and A.2. or for a service provided under 140201.A.3. shall be made only by cashier's check, certified check, bank money order, or postal money order payable to the U.S. Treasury.

140302. Services of Government Facilities.

A. When government services are made available under subparagraph 140201.A.3., a fee or charge generally shall be imposed to recoup the total cost incurred by the government in providing the service. When approved by the laboratory/facility director/commander, prior to providing the service, all or a portion of the indirect costs may be eliminated from the fees or charges. Direct costs, at a minimum, must be charged. Sales of services at less than the total cost are permitted only when:

1. There is a compelling reason to provide the service at less than the total cost;
2. The service is in the interest of the national defense;

3. There will be no competition with the private sector; and

4. The service does not involve expansion of the capabilities and capacities of the laboratory/facility providing the service, even if the customer agrees to finance the expansion.

B. Special consideration as to recovery of less than full cost may be given when:

1. The recipient of the benefit is engaged in a nonprofit activity designed for public safety, health or welfare;

2. Payment of the full fee or charge by a state, local government or nonprofit activity would not be in the government's best interest; or

3. Laboratory/facility directors/commanders have determined that the incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.

C. When less than full cost is charged, laboratory/facility directors/commanders shall maintain adequate documentation that justifies and supports each decision. Such documentation should address the above criteria and be available for review by higher authorities or any audits or inspections.

D. Under no circumstances may fees exceed the amount necessary to recoup the total costs incurred.

E. Specific guidance pertaining to the calculation of charges and fees is provided in Chapter 4 of this volume, "User Charges."

140303. Collection of Fees or Charges.

A. All fees or charges from private parties or agencies outside the U.S. Government must be collected in advance of the service being provided.

B. Specific guidance pertaining to the collection of fees is provided in Chapter 4 of this volume, "User Charges."

140304. Disposition of Fees or Charges Received.

A. Fees or charges received from sales or loans under subparagraph 140201.A.1. and A.2. shall be deposited into the miscellaneous receipts account of the U.S. Treasury.

B. Fees or charges received for services performed under subparagraph 140201.A.3. shall be credited to the appropriation, fund or account that finances the activity making such services available.

140305. Warranties and Liability.

All transfers of goods or services of whatever nature made pursuant to this Regulation shall be without any express or implied warranty. The government shall accept no liability for any damages whether direct or consequential. Furthermore, the recipient of the goods or services shall agree to indemnify and hold harmless the U.S. Government for any loss, claim, damage, or liability of any kind arising out of or in connection with goods or services so provided.

140306. Liability for Loss and Damage of U.S. Government Property on Loan to a Private Party.

The agreement with the individual, company, corporation, organization, etc., shall include a clause stating that the U.S. Government will be reimbursed for any losses or damages arising out of or in conjunction with the use of government property.

1404 DEFINITIONS

1. Drawing. A diagram, plan or list that shows in detail the fabrication or assembly of structural elements, or the installation of materials and equipment. A drawing details the characteristics, or outlines the parts or operation of a product or item.

2. Equipment or Materials. Property, including machinery, devices, apparatus, and components of such items.

3. Friendly Foreign Government. Those countries for which a Presidential Determination has been provided under Section 3(a)(1) of the Arms Export Control Act, and to which transfer has not been prohibited by the Department of State under the International Traffic in Arms Regulations (22 CFR 120).

4. Independent Research and Development (IR&D) Programs. A research and development effort that is not sponsored by, or required in performance of a government contract, or grant for: (1) basic research, (2) applied research, (3) development, and (4) systems and other concept formulation studies. IR&D programs do not include technical efforts expended in developing and preparing technical data specifically to support submitting a bid or proposal.

5. Manufacturing or Other Information. Any blueprints, drawings, plans, instructions, documentation, or other technical information that can be used or adopted for use to design, engineer, produce, manufacture, operate, repair, overhaul, or reproduce any equipment or material.

6. Person or Entity. An individual or firm, labor organization, partnership, association, corporation, a university or not-for-profit center, or a governmental unit of the United States or its territories.

7. Sample. A unit or units of a product drawn from a lot or batch that is representative of the product and is constructed in conformance with the requirements and complies with specifications of the product.

8. Laboratory. A facility or group of facilities owned, leased or otherwise used by a Federal Agency, a substantial purpose of which is the performance of research, development, engineering, test, and evaluation, or otherwise developing or maintaining technology.

CHAPTER 15

**TRAINING OF SPECIAL OPERATIONS FORCES
WITH FRIENDLY FOREIGN FORCES**1501 OVERVIEW

150101. Purpose. This chapter provides accounting and reporting procedures to implement provisions of Title 10, United States Code, section 2011 that are related to training of special operations forces with friendly foreign forces.

150102. Authority for Payment of Training Expenses. Title 10, United States Code, section 2011, enacted on December 5, 1991, by section 1052 of P.L. 102-190 (the National Defense Authorization Act for Fiscal Years 1992 and 1993) authorized the Commander, Special Operations Command and the commander of any other unified or specified combatant command to pay, or authorize payment for, any of the following expenses:

A. Expenses of overseas training of U.S. special operations forces, to include civil affairs forces and psychological operations forces, assigned to the combatant commander in conjunction with training, and training with, armed forces and other security forces of a friendly foreign country.

B. Expenses of deploying such special operations forces, to include civil affairs forces and psychological operations forces, for that training.

C. Incremental expenses incurred, in the case of training in conjunction with a friendly developing country, by that country as the direct result of such training. The term, "incremental expenses," with respect to a developing country, means the reasonable and proper costs of rations, fuel, training ordnance, transportation (except to and from the continental United States), and other goods and services consumed by such country, except that the term does not include pay, allowances, and other normal costs of such country's personnel.

150103. Purpose of Training. For the authority cited in subsection 150102 to apply, the primary purpose of the overseas training activities must be the training of special operations forces of the combatant commands. Training of foreign forces may not be the primary purpose.

1502 POLICY AND PROCEDURES

150201. Accounting Procedures. Departmental funds expended to facilitate the participation of friendly foreign forces training with U.S. special operations forces shall be incurred and reported under the following guidelines.

A. Funding for training of U.S. personnel may include amounts for training expenses authorized in Title 10, United States Code, section 2011. The funding source for these

proposed payments shall be funds made available to the applicable DoD Component for these purposes.

B. Prior to commencement of the training, agreement on implementing arrangements should be reached in terms of the types and scope of non-financial support and financial contributions to be provided by the United States to a foreign country and/or by a foreign country to the United States. In order to protect the interests of the United States, the essential terms of the arrangement normally shall be documented in writing and a copy of the document provided to the foreign country. In addition, the arrangement should request that each participating country identify both physical and financial contributions to the training effort and the amount of expenses paid related thereto. Formal international agreements, under the provisions of DoD Directive 5530.3, are not required with respect to these implementing arrangements.

C. In the event that the participating country is unable to identify its expenses in time to meet reporting requirements prescribed below, knowledgeable U.S. personnel will estimate that participant's contributions, and the value of expenses paid in U.S. dollar equivalents at the exchange rate in effect at the time of the training. Estimates of a participating country's contributions may be calculated using relative factors of comparable costs for similar U.S. training activities.

D. Arrangements with a friendly developing country may provide for financial or in-kind payment to the developing country by the United States for incremental expenses incurred by that country as a direct result of such training. "Incremental expenses" are defined in paragraph 150102.C above.

E. Arrangements with a friendly country also may provide for payment to that country by the United States for the costs of support provided to U.S. personnel by the host country. Expenses that may be paid under the terms of an arrangement with a friendly country for support provided to U.S. personnel by that country are limited to those types of expenses included in the definition of incremental expenses described in paragraph 150102.C, above.

F. For expenses that are to be paid to a friendly country, either incremental costs incurred by a developing country or support provided by a host country to U.S. personnel, the arrangement shall stipulate that the host country provides, in advance of payment, appropriate documentation to support the payment. This documentation shall include dates, quantities, units and costs so that the senior U.S. official can determine the reasonableness and propriety of such costs, in U.S. dollar equivalents at current exchange rates, for the various types of authorized expenses incurred.

G. The following procedures shall be followed to substantiate payments for reasonable incremental expenses incurred by a developing country.

1. The senior foreign official participating in the training shall certify that the documentation provided to support the claim for payment reflects reasonable and proper expenses incurred during the training.

2. The senior U.S. official participating in the training shall include a statement that, in his or her judgment, the documentation reflects reasonable and proper expenses.

3. If the senior U.S. official participating in the training questions the propriety or reasonableness of any expense claimed by the foreign country, resolution of those questions shall occur before the payment is made.

H. The following procedures shall be followed to substantiate payments for reasonable expenses to support U.S. personnel.

1. The U.S. official accepting the goods and/or services on behalf of the U.S. Government shall certify receipt and acceptance for the U.S. Government. The acceptance shall include documentation of the dates, quantities, units, and costs of the various types of support received.

2. The host country shall submit a claim for payment that includes documentation of the dates, quantities, units, and costs, in U.S. dollar equivalents at current exchange rates, of the various types of support provided.

I. The annual report (described in subsection 150202, below) requires a determination of both financial and non-financial contributions to the training effort and the amount of related expenses paid by the participants in such training. Financial and non-financial contributions include all costs that are incurred because of the training. The accounting records from which the contributions are reported shall include the separate identification of all the costs incurred, such as:

1. Rations, fuel, and training ordnance.
2. Personnel (including lodging, and/or per diem costs) for other than normal pay and allowances.
3. Costs associated with training areas, firing ranges, storage sites, and other similar items and facilities used during the training. These costs must be attributable directly to such training.
4. All transportation of personnel, equipment and supplies to and from the training area.

J. The operations and maintenance funds expensed under Title 10, United States Code, section 2011, are not to be used to supplement other accounts, to circumvent budget

ceilings established for other accounts, or to assume the mission of programs funded from other accounts.

K. Title 10, United States Code, section 2011, authorizes the Department to program and expend operation and maintenance funds to train U.S. special operations forces, to include civil affairs forces and psychological operations forces, with friendly foreign nations. It does not provide authority to conduct any type of training activity that the Department otherwise cannot legally conduct. Any training activity funded under this statutory authority must be conducted in accordance with DoD directives, regulations and instructions, and all other applicable interagency procedures.

150202. Annual Report by U.S. Unified Combatant Commands. Funds expended under the authority of Title 10, United States Code, section 2011, shall be reported by the appropriate combatant commands on a fiscal year basis to the Assistant Secretary of Defense (Special Operations/Low Intensity Conflict) to arrive not later than January 1 of each year. Each fiscal year report submitted by the combatant commands shall be organized by theater and presented for each country in alphabetical order with each deployment for training (DFT) listed in chronological order. The reporting of classified training activities, if any, shall be properly classified and the classification prominently identified. Each report shall specify the following:

A. All countries in which training was conducted.

B. The type of training conducted in each country for each DFT, including whether such training was related to counter-narcotics or counter-terrorism activities; the date and duration of that training; the number of U.S. military personnel involved; and the total expenses paid by the United States. Total expenses paid by the United States shall be the total of (1) amounts paid for deploying and training U.S. special operations forces, including the costs listed in paragraph 150201.I., above; (2) amounts paid to a foreign country for support provided to U.S. personnel, as described in paragraph 0150201.H, above; and (3) financial payments to a developing foreign country for incremental expenses, as described in paragraph 150201.G., above.

C. The extent of participation by foreign military forces, including the number and service affiliation of foreign military personnel involved and the physical and financial contribution of each host nation to the training effort.

D. The relationship of that training to other overseas training programs conducted by U.S. Armed Forces, such as military exercise programs sponsored by the Joint Chiefs of Staff, military exercise programs sponsored by a U.S. unified combatant command, and military training activities sponsored by a Military Department (including deployments for training, short duration exercises and other similar unit training events).

150203. Annual Report by the Secretary of Defense

A. The Assistant Secretary of Defense (Special Operations/Low Intensity Conflict) shall receive reports from the combatant command, as described above, and compile those reports into a single document.

B. The Assistant Secretary of Defense (Special Operations/Low Intensity Conflict) shall, not later than April 1 of each year, submit on behalf of the Secretary of Defense the required annual report to the Armed Services and Foreign Relations Committees of the Senate and the National Security and Foreign Affairs Committees of the House of Representatives.

C. The annual report shall cover training during the preceding fiscal year for which expenses were paid under Title 10, United States Code, section 2011, chapter 101, "Special Operations Forces: Training with Friendly Foreign Forces."

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CHAPTER 16

ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS1601 OVERVIEW

160101. Purpose. The purpose of this chapter is to establish the policy and procedures for accounting for the production and sale of forest products. It also assigns responsibility for DoD reimbursement and for the entitlement of a state to a share in the net proceeds derived from forest products sold from military installations or facilities.

160102. Applicability and Scope. The policies and procedures established by this chapter:

A. Apply to the Office of the Secretary of Defense (OSD) and to the Military Departments (including their National Guard and Reserve components). The term "Military Services," as used herein, refers to the Army, Navy, Air Force, and Marine Corps.

B. Cover forest products production and sales programs on military installations or facilities in the United States.

C. Do not apply to forestry activities within the civil programs of the U.S. Army Corps of Engineers or to the state-owned National Guard installations.

1602 POLICY AND PROCEDURES

160201. DoD appropriations incurring obligations for the production and sale of forest products shall be reimbursed from collections made as a result of the sale of such products. Remaining collections shall be disposed of as follows:

A. Forty percent of installation net proceeds shall be distributed to the state that includes the military installation or facility from which forest products were sold during a fiscal year. If the installation or facility is located in more than one state, each state shall share proportionally in the net proceeds (see subsection 160208, below). Entitlement to the states applies to forest products sold after September 30, 1984.

B. Once the disbursement to each state has been made, any remaining amount shall be transferred to the reserve account (see subsection 160203, below). To the extent that collections from the sale of forest products are inadequate, obligations for the production and sale of such products may be financed either from the appropriation accounts or transfers from the reserve account.

160202. The Treasury General Fund Receipt Clearing Accounts (F3875) shall receive all sales proceeds. Transfers of these proceeds shall be made, in accordance with the

approved budgets, to the applicable Operations and Maintenance (O&M) and Other Procurement appropriations that incur obligations, which are reimbursable, for the production and sale of forest products.

160203. A DoD reserve account shall be established.

A. Balances in the account may be used for the following:

1. Improvements of forest lands.
2. Unanticipated contingencies in the administration of forest lands and the production of forest products for which other sources of funds are not available in a timely manner.
3. Natural resource management that implements approved plans and agreements.

B. The balance in the reserve account shall not exceed \$4 million on December 31 of any calendar year. Unobligated balances exceeding \$4 million on that date shall be deposited in the U.S. Treasury General Fund Miscellaneous Receipts Account (see subsection 160207, below).

160204. The operating procedures to be followed for program obligations is as follows:

A. Program obligations shall be related directly to the economic production and sale of forest products in the following functions:

1. Forest Improvement. Obligations incurred for improving an existing timber stand or forest, whether it is planted, seeded, or natural, and including thinning, pruning and controlling undesirable vegetative growth.
2. Reforestation. Obligations incurred for natural or artificial regeneration including planting; purchasing of seeds or seedlings; preparing sites; and controlling insects, diseases, vegetation, and animals.
3. Forest Protection. Obligations incurred for the protection of a forest capable of economic production of forest products including damage by fire, insects, diseases, animals, floods, and erosion.
4. Forest Access Roads. Obligations incurred for construction, reconstruction, repair, and maintenance of forest access roads and trails and for repair of other roads as a result of forest production and harvest operations.

5. Sales. Obligations incurred for sales and preparation for sales of forest products including appraising, cruising, marking, scaling, advertising, escorting prospective bidders, as well as preparing, administering, and enforcing compliance with sales contracts.

6. Management. Obligations incurred for the management of the functions listed in subparagraphs 160204.A.1 through 160204.A.5, above, including supervising, planning, programming, conducting field surveys and inventories, training, and attending professional meetings.

7. Forestry Equipment. Obligations incurred in the purchase of vehicles, minor equipment, and heavy equipment used exclusively in forest management (purchased by O&M or procurement appropriations under reimbursable program authority).

B. To the extent that an installation receives applicable program support from a function or activity above the installation level, costs shall be prorated on the basis of level of effort among all applicable military installations or facilities involved in the program.

C. Program obligations do not include amounts incurred for operations that, while related to the land and forest, are for other purposes such as the military mission, recreation, general area improvement, wildlife management, and beautification. They do not include amounts for the protection of forests that are incapable of economic production of timber products. Program obligations at all organizational levels shall be categorized according to the functions listed in subparagraphs 160204.A.1 through 160204.A.7, above.

D. Reimbursable program obligations under Title 10, United States Code, section 2665(d) include all program costs except those in paragraph 160204.C, above. Acquisition of equipment shall be justified on an economic basis. When general equipment is used in forestry program operations, obligations incurred by DoD appropriations for such use shall be included as program costs.

160205. Accounting and Reimbursements

A. Proceeds collected from forestry sales shall be turned over to the servicing DoD disbursing officer. These proceeds shall be deposited without delay to the Treasury General Fund Receipt Clearing Account **F3875, "Budget Clearing Account (Suspense)." (The applicable agency code shall be shown instead of asterisks.) That portion of the proceeds which is to be used to finance reimbursable expenses shall be transferred to O&M or procurement appropriations in accordance with the annual budget. Table 16-1 illustrates the applicable Treasury account symbols.

TREASURY ACCOUNT SYMBOLS

O&MProcurement

- (1) Army - 21(FY)2020
- (2) Navy - 17(FY)1804
- (3) Air Force - 57(FY)3400
- (4) Marine Corps - 17(FY)1106

- 21(FY)2035
- 17(FY)1810
- 57(FY)3080
- 17(FY)1109

Table 16-1

160206. At the end of the fiscal year, an estimate shall be made of the amount of each state's entitlement and transferred from **F3875 to deposit account **X6875, "Suspense." After the states' entitlements are computed (see subsections 160201.A and 160208), the estimate shall be adjusted with applicable refunds to **F3875 or additional transfers to **X6875. Payments to the states shall be made from **X6875. After the states have been paid and appropriation accounts reimbursed, any remaining balance in **F3875 shall be transferred to 21*5285, "Department of Defense, Forest Products Program, Army."

160207. On December 31 of each year, the Deputy Under Secretary of Defense (Environmental Security) (DUSD(ES)) shall review the balance in 21X5285 and direct the transfer of any amount in excess of \$4 million to Treasury account **3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified."

160208. Entitlements to each state shall be computed in accordance with Title 10, United States Code, section 2665(e). These entitlements shall be determined on the basis of a separate calculation for each military installation or facility from which forest products were sold in that fiscal year.

A. Records shall be maintained for each military installation or facility concerned to show sales proceeds and reimbursable program obligations by fiscal year. If a military installation or facility is located in more than one state, payments shall be made to each state involved in a manner proportional to the area of the installation or facility situated in each state. If an installation or facility is located in more than one county within a state, a description of the areas (acres) of the installation or facility situated in each county may accompany that state's entitlement.

B. States' entitlements shall be disbursed within 90 days after the end of the fiscal year. Payments to the states shall be made by electronic funds transfer.

160209. As directed by the DUSD(ES), in coordination with the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), net proceeds may be distributed among

the Military Services to ensure the overall funding requirements of the DoD forestry program are met.

160210. The recording of sales revenue, program obligations, entitlement payments to states, and all other accounting for this program shall be in accordance with the requirements of this chapter.

160211. Appendix 2 contains DUSD(ES) coordinating and reporting requirements. The Forest Products Sales Program report has been assigned Report Control Symbol DD-A&T (Q&A)1649; see paragraph 160302.A, below, and Appendix 2.

1603 RESPONSIBILITIES

160301. The Deputy Under Secretary of Defense (Environmental Security) shall:

A. Issue and monitor policy on forest management of DoD lands in accordance with DoD Directive 4700.4, "Natural Resources Management Program."

B. Advise the Military Services of potential downward adjustments to funding for the program during the year if timely receipt of anticipated proceeds becomes doubtful.

160302. The Secretaries of the Military Departments shall:

A. Prepare annual forestry program budgets for the coming fiscal year that include anticipated sales revenue, program obligations, States' entitlements, unfinanced requirements, and transfers. See Appendix 2 for due date and other reporting information.

B. Ensure that all proposed obligations are related directly to the economical production and sale of forest products, consistent with DoD Directive 4700.4, "Natural Resources Management Program."

C. Ensure that no unplanned program obligations are incurred simply to "use up" proceeds.

D. Adjust the program downward during the year by reducing planned obligations if actual proceeds do not materialize at anticipated levels and sufficient funding cannot be obtained from the reserve account.

E. Ensure that all program obligations are accumulated in DoD appropriation accounts and that reimbursements and distributions to States and the use of funds from the DoD Reserve Account conform with subsection 160203, above.

F. Follow the procedures in subsection 160205, above.

G. Coordinate approved budgets with the DUSD(ES) to assist in planning and trade-off analysis and to ensure effective and efficient functioning of the overall DoD program.

H. Review the cumulative total obligations incurred, estimated program obligations, cumulative revenue, and realistic estimates of future revenue to determine whether DoD forests remain capable of economic production.

I. Identify to the DoD Executive Agent (see paragraph 160303.A, below) the official who is authorized to transfer surplus funds and accept reserve funds.

160303. The Secretary of the Army shall:

A. Act as DoD Executive Agent to monitor and coordinate financial management of the DoD forest products program.

B. Coordinate the transfers of surplus and reserve funds.

C. Maintain the DoD Reserve Account (21*5285) and make transfers in accordance with the instructions from the DUSD(ES). (Replace asterisk with fiscal year designator.)

APPENDIX 1**DEFINITIONS**

1. **Forest Products.** Those items produced from a forest such as sawtimber, veneer logs, poles, piles, posts, pulpwood, pine straw, stumpwood, bark, and other mulch, cones, seeds, mistletoe, firewood, and wood chips.
2. **Net Proceeds.** The amount received by the United States during a fiscal year (FY) as proceeds from the sale of forest products produced on a military installation or facility, minus the amount reimbursed to the Department of Defense, under 10 U.S.C. 2665, for program costs incurred by that installation or facility. Program costs shall include obligations for current operating expenses and for the purchase of capital equipment required to operate the program.
3. **Reserve Funds.** A reserve account authorized under 10 U.S.C. 2665 and administered by the Department of Defense. The amount is held in the U.S. Treasury Special Fund Account 21*5285, Department of Defense, Forest Products Program, Army.
4. **Surplus Funds.** The amount expected to be available during the year within the Department of Defense after providing for the reimbursements under this Instruction. These funds represent the amounts to be transferred to the DoD Reserve Funds Account.

APPENDIX 2 COORDINATION AND REPORTING REQUIREMENTS

Annual Coordination of DoD Forest Products Program

1. Purpose. To coordinate forestry obligations and revenues of the Military Services to ensure that overall DoD revenue is sufficient to reimburse all authorized obligations for the production and sale of forest products.

2. Authority. Title 10, United States Code, section 2665

3. Schedule

a. December 15. Each Military Service disburses funds to the various states. The disbursement must be accompanied by identification of the generating installation(s) and amount generated by each installation.

b. December 30. Each Military Service deposits funds from the F3875 clearing account to the DoD Reserve Account (21*5285).

c. January 2. Each Military Service transmits the "Actual Revenue and Obligations Report" to the Executive Agent (EA) and the Office of the Deputy Under Secretary of Defense (Environmental Security) (DUSD(ES)).

d. February 15. Each Military Service transmits to the EA and the DUSD(ES), a report of cumulative program revenue and obligations through December 31 of the current fiscal year and any planned changes (see format below).

e. May 15. Each Military Service transmits to the EA and the DUSD(ES), a report of cumulative program revenue and obligations through March 31 of the current fiscal year and any planned changes.

f. August 15. Each Military Service transmits to the EA and the DUSD(ES), a report of cumulative revenue and obligations through June 30 of the current fiscal year and any planned changes.

g. September 1. Each Military Service transmits to the EA and the DUSD(ES), its planned forest products revenue and expenses, by appropriation, for the coming fiscal year (see format below). This plan must reflect no deficit in the program; however, description of unfinanced needs may accompany the plan.

APPENDIX 2 (Cont'd)

ACTUAL REVENUE AND OBLIGATIONS

RCS: DD-A&T(Q&A)1649

(Due January 2)

For FY _____

Military Service _____

	(Other) <u>Procurement</u>	<u>O&M</u>	<u>Total</u>
I. <u>PROGRAM RESERVE AND OBLIGATIONS</u>			
A. Revenue (actual deposits to F3875 account)			\$ _____
B. Distributions (from F3875 account)	\$ _____	\$ _____	(_____)
C. Reimbursable Obligations	(\$ _____)	(\$ _____)	
D. Unobligated Balance Remaining and Returned to F3875	\$ _____	\$ _____	\$ _____
E. Subtotal			\$ _____
F. States' Entitlements ^{1/}			(_____)
G. Transfer to Reserve Account			(_____)
H. Total			\$ -0-
II. <u>UTILIZATION OF RESERVE FUND</u>			
A. Transfers In	\$ _____	\$ _____	
B. Obligations ^{2/}	\$ _____	\$ _____	
C. Unobligated Balances Returned to Reserve Fund	\$ _____	\$ _____	\$ _____

^{1/} Provide by installation, state, and amount.^{2/} Provide a brief description of forestry projects and/or activities funded from reserve finds.

APPENDIX 2 (Cont'd)

ANNUAL FOREST PRODUCTS PROGRAM BUDGET

RCS: DD-A&T(Q&A)1649

(Due September 1)

For FY _____

Military Service _____

	(Other) <u>Procurement</u>	<u>O&M</u>	<u>Total</u>
A. Planned FY Revenue		\$_____	
B. Planned FY Distribution	\$_____	\$_____	\$_____
C. Planned FY Obligations	\$_____	\$_____	\$_____
D. Planned Net ^{1/}			\$_____
E. Planned Payments to States		\$_____	
F. Unfinanced Needs (describe below)	\$_____	\$_____	\$_____

^{1/} Total of item A. minus total of item C.

APPENDIX 2 (Cont'd)

QUARTERLY FOREST PRODUCTS PROGRAM

RCS: DD-A&T(Q&A)

(Due February 15, May 15, August 15)

Military Service _____

Date _____

FY _____

- | | |
|---|----------|
| A. Planned Revenue this Fiscal Year (FY) | \$ _____ |
| B. Planned Obligations this FY | \$ _____ |
| C. Cumulative Actual Revenue this FY | \$ _____ |
| D. Cumulative Actual Obligations this FY | \$ _____ |
| E. Net Proceeds this FY (Item C minus Item D) | \$ _____ |
| F. Current Estimate of States Entitlements this FY | \$ _____ |
| G. Current Unfinanced Needs for this FY
(describe below) | \$ _____ |

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CHAPTER 17

OFFSETTING RECEIPTS1701 OVERVIEW

170101. Purpose. The purpose of this chapter is to prescribe standard procedures for accounting and reporting offsetting receipts throughout the Department of Defense.

170102. General

A. Offsetting receipts are collections within the Department of Defense that result from proprietary or business like transactions (such as rents, sales of services and products, patent fees, sale of property, etc.) and from intragovernmental transactions (such as deposits between Federal and trust funds or payments within the same fund group). These collections are credited to general fund, special fund, or trust fund receipt accounts. Standard receipt accounts are prescribed by the Department of the Treasury in its Federal Account Symbols and Titles (FAST) book. Offsetting receipts are deposited with the Department of the Treasury using receipt accounts symbols and reported on the monthly Statement of Transactions (DD Form 1329).

B. Offsetting receipts are deducted from budget authority and outlays at agency (Component) levels. Actual offsetting receipts are reported on the monthly Report on Budget Execution (SF 133) and reported in budget submissions by DoD Components.

C. Receipts collected by DoD Components shall be classified according to (1) the source of the receipt, (2) the authority for the collection and the nature of the transaction, and (3) whether the receipt offsets agency (Component) or government-wide totals. Receipts also are classified into fund groups in accordance with the Treasury FAST book (i.e., general funds (0000-3799); clearing accounts (3800-3899); special funds (5000-5999); and trust funds (8000-8999)).

D. Most offsetting receipts are offset (deducted) against the function that contains the outlays which give rise to the receipts, i.e., the function of the account collecting the money. In such cases, these offsetting receipts are deducted before reaching functional budget authority or outlay totals and are referred to as "distributed" to the functions. However, there are several categories of offsetting receipts that cannot be offset properly against any specific function. These collections are deducted prior to calculating government-wide totals and are referred to as "undistributed offsetting receipts." The three categories of offsetting receipts that are undistributed by function are:

1. The collection of amounts paid by federal agencies to federal employee retirement funds and Medicare.

2. Collections from the public of rents and royalties on the Outer Continental Shelf.

3. Collections from the public arising from the sale of major federal assets.

1702 GENERAL STANDARDS

170201. Contents of this chapter shall be used in addition to the accounting principles, standards, and procedures established in chapters 2, 16, and 19 of Volume 4, "Accounting Policy and Procedures;" chapter 4 of Volume 6, "Reporting Policy and Procedures;" and chapter 1 of Volume 12, "Special Accounts Policy and Procedures," of this Regulation.

170202. Budgeting standards for offsetting receipts are prescribed by the Office of Management and Budget (OMB) Circular No. A-11. Preparation of budget justification requirements are also prescribed in Chapter 11 of Volume 2, "Budget Formulation and Presentation," of this Regulation.

1703 ACCOUNTING AND REPORTING STANDARDS FOR OFFSETTING RECEIPTS

170301. Offsetting Receipts. Offsetting receipts within the Department are collections from the public that result from business-like transactions such as sales of property, rental fees or sales of services. These miscellaneous proprietary receipts are recorded using receipt account symbols prescribed by the Treasury FAST book. Offsetting receipt account symbols normally used within the Department are:

A. Account 1435. General fund proprietary interest, not otherwise classified. This account shall be used only for Defense civil functions. Account 1435 shall not be used for Defense military functions. Deposits of interest on loans, investments, and other equities shall be deposited in account 3210 to ensure that the Department receives credit for the offsetting receipt.

B. Account 1840. Proprietary receipts for rent of equipment and other personal property. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit rent receipts into Account 3210.

C. Account 2462. Proprietary receipts for survivor annuity benefits. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit receipts into Account 3210.

D. Account 2641. Proprietary receipts for the sale of ordinance material within the Department. All DoD Components may use this account.

E. Account 2651. Proprietary receipts for the sale of scrap and salvage materials within the Department. All DoD Components may use this account, but the Military Services must cite 972651.

F. Account 3019. Proprietary receipts for recoveries for government property lost or damaged, not otherwise classified. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit such recoveries into Account 3210.

G. Account 3041. Proprietary receipts for recoveries under the Foreign Military Sales Program. This account shall be used by all DoD Components. Receipts in this account shall be sub-categorized and reported to the OUSD(C) on the Report of Budget Execution (SF 133), in accordance with the guidance contained in chapter 4 of Volume 6, "Reporting Policy and Procedures," of this Regulation. The sub-categories are:

1. Nonrecurring Research, Development, Test and Evaluation (RDT&E) and production costs.
2. Sale of principal and/or major items from stock that do not require replacement.
3. Sale of excess stock fund and procurement of secondary items from stock.
4. Charges for unfunded civilian retirement costs.

H. Account 3210. General fund proprietary receipts, not otherwise classified. The Military Departments shall use this account for proprietary receipts not otherwise classified (as cited above). Defense Agencies shall use this account for proprietary receipts not allowed to be reported as indicated in the above accounts. Receipts in this account shall be maintained and reported for budget purposes in sub-categories as follows:

1. Freedom of Information Act charges.
2. Sales of surplus real property (excluding Account 2621).
3. Sales of materials, equipment, and other personal property (excluding Account 2641).
4. Interest on loans.
5. Repayment of loans.
6. Royalties on patents, trademarks, and copyrights.
7. Rent of real property.

8. Rent of equipment and other personal property (excluding Account 1840).

9. Sale of power and utilities.

10. For Defense Agencies:

a. Sale of publications and reproductions, not otherwise classified (similar to Account 2259).

b. Fees and other charges for communications and transportation services, not otherwise classified (similar to Account 2429).

c. Proceeds from sale of equipment and other personal property, not otherwise classified.

d. Recoveries for government property, lost or damaged, not otherwise classified (similar to Account 3019).

170302. Budget Clearing Account (Suspense). Offsetting receipts that are not readily classified into established categories shall be temporarily accounted for in Budget Clearing Account (suspense), F3875. All efforts shall be made to identify and record these receipts properly into the applicable categories listed above.

170303. Depositing Offsetting Receipts. All offsetting receipts shall be recorded immediately upon receipt and deposited with the Department of the Treasury as soon as practicable. Any delays in borrowing or deposit preclude use of the funds by the Treasury Department to benefit the U.S. Government through the avoidance of interest expense.

170304. Reporting Offsetting Receipts. Offsetting receipt amounts reported by DoD Components shall agree with the collections credited to receipt accounts maintained by the Department of the Treasury. Those DoD Components that prepare consolidated reports shall obtain the required information from applicable organizations and assure that the amounts reported are in agreement with balances reflected by the Department of the Treasury.

A. DD 1329 Report. Actual offsetting receipts shall be reported on a monthly basis using the DoD Statement of Transactions (DD Form 1329). The DD Form 1329 reports shall be submitted to the Director for Program and Financial Control, Office of the Deputy Comptroller (Program/Budget) (ODC(P/B), OUSD(C)).

B. SF 133 Report. Procedures on monthly budget execution reporting are prescribed in chapter 4 of Volume 6, "Reporting Policy and Procedures," of this Regulation. These reports shall be submitted on a monthly basis to the Director for Program and Financial Control, ODC(P/B). Specific requirements are prescribed in chapter 4 of Volume 6 of this

Regulation. Offsetting receipt amounts reported on these reports shall equal the amounts reported on the monthly Statement of Transactions (DD Form 1329) and deposited with the U.S. Treasury.

1. A separate SF 133 report for each group of offsetting receipt accounts shall be submitted as part of the basic appropriation report. Separate SF 133 reports are required for Federal funds and trust funds under each of the functional groups: "Military Functions," "Civil Functions" and "Military Assistance."

2. Separate SF 133 reports are required within any of the foregoing groups in the event that the receipts consist of more than one of the following categories:

- a. Proprietary receipts from the public (P).
- b. Interfund receipts (ID).
- c. Federal intrafund receipts (IF) including those receipts in Budget Clearing Account (suspense), **F3885.

170305. Proprietary and Budgetary General Ledgers. Offsetting receipts shall be recorded in the proprietary and budgetary general ledgers.

A. Chapter 9 of Volume 3, "Budget Execution," and chapters 2, 16, and 19 of Volume 4, "Accounting Policy and Procedures," of this Regulation prescribe the general ledger accounts to be used in recording offsetting receipts. Table 17-1, below, illustrates the entries used when recording offsetting receipts.

ACCOUNTING ENTRIES FOR RECORDING OFFSETTING RECEIPTS

1. Dr 1011 Funds Collected
Cr 5910 Miscellaneous Reimbursements

To record reimbursements collected as revenue.
2. Dr 5990 Contra Revenue-Collected for Others
Cr 2411 Deposit Fund Liabilities

To recognize the liability to miscellaneous receipts for reimbursements collected.
3. Dr 2411 Deposit Fund Liabilities
Cr 1011 Funds Collected

To record transfer of reimbursed amounts to miscellaneous receipts or other receipt accounts.

Table 17-1

B. Source documents for the general ledger entries include cash collection vouchers, sales slip, rental receipts, and journal vouchers.

1704 USE OF ACCOUNTING DATA FOR BUDGET SUBMISSIONS

170401. Budgeting requirements are established by OMB Circular No. A-11 and Volume 2, "Budget Formulation," of this Regulation.

170402. Offsetting receipts deposited in receipt accounts are deducted as offsets to outlays and against budget authority at subfunction and agency levels. For instance, subfunction 051, "Department of Defense, Military," is the level at which proprietary receipts from the public are deducted from the Department's budget authority and outlays in arriving at total DoD Federal Funds in the budget.

170403. The accuracy and timeliness of recording and reporting offsetting receipts are critical in the budget preparation process. Actual receipts for the prior year are reported in the budget submissions and are used as the basis for projecting estimates for the budget outyears.

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